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4 Attorney for Defendant
5 GERALD ARMSTRONG and
6 THE GERALD ARMSTRONG CORPORATION

FILED

OCT 28 1993

HOWARD HANSON
MARIN COUNTY CLERK
BY D. ROSS, DEPUTY

8
9 SUPERIOR COURT OF THE STATE OF CALIFORNIA
10 FOR THE COUNTY OF MARIN

11 CHURCH OF SCIENTOLOGY INTERNATIONAL,)
a California not-for-profit)
12 religious corporation,)

13 Plaintiff,)

14 vs.)

15 GERALD ARMSTRONG; MICHAEL WALTON;)
THE GERALD ARMSTRONG CORPORATION,)
16 a California for-profit)
corporation; DOES 1 through 100,)
17 inclusive,)

18 Defendants.)
19 _____)

No. 157 680

DEFENDANTS' EVIDENCE
IN SUPPORT OF DEFENDANTS'
MOTION TO COMMENCE
COORDINATION PROCEEDINGS

Date: November 12, 1993
Time: 9:00 a.m.
Dept: One
Trial Date: None Set

RECEIVED

OCT 28 1993

23 VOLUME ONE

HUB LAW OFFICES

COPY

INDEX TO EXHIBITS

Volume One

EXHIBIT 1: Declaration of Ford Greene Authenticating Documents in litigation between Scientology and Gerald Armstrong.

Exhibit 1 (a): Memorandum of Intended Decision filed June 22, 1984 in Church of Scientology of California v. Gerald Armstrong, Los Angeles Superior Court, Case No. C 420 153 ("Armstrong I");

Exhibit 1 (b): Declaration of Gerald Armstrong filed September 14, 1993 in Church of Scientology International v. Armstrong, Los Angeles County Superior Court, Case No. BC 084 642 ("Armstrong III");

Exhibit 1 (c): Complaint in Church of Scientology International v. Armstrong, Los Angeles County Superior Court, Case No. BC 052 395 ("Armstrong II");

Exhibit 1 (d): Complaint in Armstrong III

Volume Two

Exhibit 1 (e): Memorandum of Points And Authorities In Support of Motion To Dismiss Or Stay Or Transfer To Los Angeles Superior Court filed March 5, 1992 in Armstrong II;

Exhibit 1 (f): Minute Order dated March 20, 1992, in Armstrong II granting Armstrong's motion to transfer case from Marin County Superior Court to Los Angeles County Superior Court

Exhibit 1 (g): Motion for Preliminary Injunction brought by Scientology in Armstrong II on May 7, 1992;

Exhibit 1 (h): Transcript of Proceedings on Motion for Preliminary Injunction, May 27, 1992, in Armstrong II;

Exhibit 1 (i): Minute Order dated May 27, 1992, in Armstrong II partially granting preliminary injunction;

Volume Three

Exhibit 1 (j): Notice of Appeal of Preliminary Injunction in Armstrong II;

Exhibit 1 (k): Order To Show Cause Why Gerald Armstrong Should Not Be Held In Contempt filed December 31, 1992, in Armstrong II;

Exhibit 1 (l): Transcript of Proceedings of March 5, 1993, in Armstrong II;

Exhibit 1 (m): Excerpt of Transcript of Proceedings of December 23, 1991, in Armstrong I;

Exhibit (n): Minute Order filed March 23, 1993, in Armstrong II, staying all proceedings pending resolution of legality of settlement contract on appeal;

Volume Four

Exhibit 1 (o): Minute Order filed August 27, 1993, in Armstrong III ordering it transferred before Hon. David Horowitz;

Exhibit 1 (p): Minute Order filed October 6, 1993, in Armstrong III ordering it consolidated with Armstrong II and staying both actions pending ruling from the Court of Appeal;

Exhibit 1 (q): First Amended Answer in Armstrong II filed October 8, 1992.

Exhibit 1 (r): [Draft] Petition for Coordination herein.

1 Ford Greene
California State Bar No. 107601
2 HUB LAW OFFICES
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3 San Anselmo, California 94960-1949
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4 Attorney for Defendant
5 GERALD ARMSTRONG and
6 THE GERALD ARMSTRONG CORPORATION

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8 SUPERIOR COURT OF THE STATE OF CALIFORNIA
9 FOR THE COUNTY OF MARIN

10 CHURCH OF SCIENTOLOGY INTERNATIONAL,) No. 157 680
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12 religious corporation,)

13 Plaintiff,

14 vs.

15 GERALD ARMSTRONG; MICHAEL WALTON;
16 THE GERALD ARMSTRONG CORPORATION,
a California for-profit)
17 corporation; DOES 1 through 100,)
inclusive,)

18 Defendants.

DECLARATION OF FORD GREENE
IN SUPPORT OF MOTION TO
COMMENCE COORDINATION
PROCEEDINGS

Date: November 12, 1993
Time: 9:00 a.m.
Dept: One
Trial Date: None Set

19 FORD GREENE declares:

20 1. I am an attorney licensed to practice law in the Courts
21 of the State of California and am the attorney of record for
22 GERALD ARMSTRONG, and THE GERALD ARMSTRONG CORPORATION, defendants
23 herein.

24 2. I am also the attorney of record for said defendants in
25 Church of Scientology International v. Armstrong, L.A.S.C. No. BC
26 052 395 ("Armstrong II") and in the appeal of a preliminary
27 injunction in that case for which notice was filed on July 30,
28

1 1992, in Second District Court of Appeal, case No. B 069 450.
2 Additionally, I am the attorney of record for defendants in
3 Church of Scientology International v. Armstrong, Los Angeles
4 County Superior Court, Case No. BC 084 642 ("Armstrong III"),
5 Finally, I am familiar with the documents and records in the
6 litigation captioned Church of Scientology of California v. Gerald
7 Armstrong, Los Angeles Superior Court, Case No. No. C 420 153
8 ("Armstrong I").

9 3. Attached hereto and incorporated herein are true and
10 correct copies of documents the authenticity of which I know
11 because I am the attorney of record in the litigation in which
12 they were filed, except as to documents filed in Armstrong I,
13 which on information and belief I allege to be genuine. Said
14 documents are designated as follows:

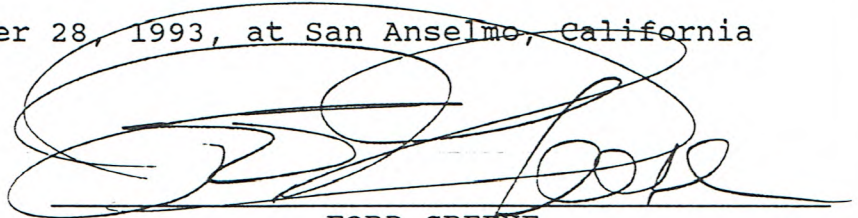
- 15
- 16 1 (a): Memorandum of Intended Decision filed June 22, 1984
17 in Church of Scientology of California v. Gerald
18 Armstrong, Los Angeles Superior Court, Case No. No.
C 420 153 ("Armstrong I");
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20 1993, in Church of Scientology International v.
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No. BC 084 642 ("Armstrong III");
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22 Armstrong, Los Angeles County Superior Court, Case
No. BC 052 395 ("Armstrong II");
- 23 1 (d) Complaint in Armstrong III;
- 24 1 (e): Memorandum of Points And Authorities In Support of
25 Motion To Dismiss Or Stay Or Transfer To Los
26 Angeles Superior Court filed March 5, 1992 in
Armstrong II;
- 27 1 (f): Minute Order dated March 20, 1992, in Armstrong II
28 granting Armstrong's motion to transfer case from
Marin County Superior Court to Los Angeles County
Superior Court

- 1 1 (g): Motion for Preliminary Injunction brought by
2 Scientology in Armstrong II on May 7, 1992;
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4 Injunction, May 27, 1992, in Armstrong II;
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6 partially granting preliminary injunction;
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10 Be Held In Contempt filed December 31, 1992, in
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13 Armstrong II;
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15 23, 1991, in Armstrong I;
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18 legality of settlement contract on appeal;
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20 III ordering it transferred before Hon. David
21 Horowitz;
- 22 1 (p): Minute Order filed October 6, 1993, in Armstrong
23 III ordering it consolidated with Armstrong II and
24 staying both actions pending ruling from the Court
25 of Appeal;
- 26 1 (q): First Amended Answer in Armstrong II filed October
27 8, 1992.
- 28 1 (r): [Draft] Petition for Coordination herein.

4. On May 28, 1992, the Honorable Ronald M. Sohigian of the Los Angeles Superior Court partially granted and partially denied Scientology's motion for a preliminary injunction enforcing the settlement contract. Armstrong has filed an interlocutory appeal of said injunction. All briefing thereon having been completed, the parties await the scheduling on oral argument therein.

1 Under penalty of perjury pursuant to the laws of the State of
2 California I hereby declare that the foregoing is true and correct
3 according to my first-hand knowledge, except those matters stated
4 to be on information and belief, and as to those matters, I
5 believe them to be true.

6 Executed on October 28, 1993, at San Anselmo, California

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FORD GREENE

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FILED

JUN 22 1984
John L. Corcoran,

Rosie M. Hart
BY ROSIE M. HART, DEPUTY

SUPERIOR COURT OF THE STATE OF CALIFORNIA
FOR THE COUNTY OF LOS ANGELES

CHURCH OF SCIENTOLOGY OF CALIFORNIA,

Plaintiff,

vs.

GERALD ARMSTRONG,

Defendant.

MARY SUE HUBBARD,

Intervenor.

No. C 420153

MEMORANDUM OF
INTENDED DECISION

In this matter heretofore taken under submission, the
Court announces its intended decision as follows:

As to the tort causes of action, plaintiff, and plaintiff
in intervention are to take nothing, and defendant is entitled
to Judgment and costs.

As to the equitable actions, the court finds that neither
plaintiff has clean hands, and that at least as of this time,
are not entitled to the immediate return of any document or
objects presently retained by the court clerk. All exhibits

1 received in evidence or marked for identification, unless
2 specifically ordered sealed¹, are matters of public record and
3 shall be available for public inspection or use to the same
4 extent that any such exhibit would be available in any other
5 lawsuit. In other words they are to be treated henceforth no
6 differently than similar exhibits in other cases in Superior
7 Court. Furthermore, the "inventory list and description," of
8 materials turned over by Armstrong's attorneys to the court,
9 shall not be considered or deemed to be confidential, private,
10 or under seal.

11 All other documents or objects presently in the possession
12 of the clerk (not marked herein as court exhibits) shall be
13 retained by the clerk, subject to the same orders as are
14 presently in effect as to sealing and inspection, until such
15 time as trial court proceedings are concluded as to the severed
16 cross complaint. For the purposes of this Judgment, conclusion
17 will occur when any motion for a new trial has been denied, or
18 the time within such a motion must be brought has expired
19 without such a motion being made. At that time, all documents
20 neither received in evidence, nor marked for identification
21 only, shall be released by the clerk to plaintiff's
22 representatives. Notwithstanding this order, the parties may
23
24

25 1. Exhibits in evidence No. 500-40; JJJ; KKK; LLL; MMM;
26 NNN; OOO; PPP; QQQ; RRR; and 500-QQQQ.

27 Exhibits for identification only No. JJJJ; Series
28 500-DDDD, EEEE, FFFF, GGGG, HHHH, IIII, NNNN-1, OOOO, ZZZZ,
CCCCC, GGGGG, IIIII, KKKKK, LLLLL, OOOOO, PPPPP, QQQQQ, BBBBBB,
OOOOOO, BBBBEE.

1 at any time by written stipulation filed with the clerk obtain
2 release of any or all such unused materials.

3 Defendant and his counsel are free to speak or communicate
4 upon any of Defendant Armstrong's recollections of his life as
5 a Scientologist or the contents of any exhibit received in
6 evidence or marked for identification and not specifically
7 ordered sealed. As to all documents, and other materials held
8 under seal by the clerk, counsel and the defendant shall remain
9 subject to the same injunctions as presently exist, at least
10 until the conclusion of the proceedings on the cross complaint.
11 However, in any other legal proceedings in which defense
12 counsel, or any of them, is of record, such counsel shall have
13 the right to discuss exhibits under seal, or their contents, if
14 such is reasonably necessary and incidental to the proper
15 representation of his or her client.

16 Further, if any court of competent jurisdiction orders
17 defendant or his attorney to testify concerning the fact of any
18 such exhibit, document, object, or its contents, such testimony
19 shall be given, and no violation of this order will occur.
20 Likewise, defendant and his counsel may discuss the contents of
21 any documents under seal or of any matters as to which this
22 court has found to be privileged as between the parties hereto,
23 with any duly constituted Governmental Law Enforcement Agency
24 or submit any exhibits or declarations thereto concerning such
25 document or materials, without violating any order of this
26 court.

27 ///

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1 This court will retain jurisdiction to enforce, modify,
2 alter, or terminate any injunction included within the
3 Judgment.

4 Counsel for defendant is ordered to prepare, serve, and
5 file a Judgment on the Complaint and Complaint in Intervention,
6 and Statement of Decision if timely and properly requested,
7 consistent with the court's intended decision.

8
9 Discussion

10 The court has found the facts essentially as set forth in
11 defendant's trial brief, which as modified, is attached as an
12 appendix to this memorandum. In addition the court finds that
13 while working for L.R. Hubbard (hereinafter referred to as
14 LRH), the defendant also had an informal employer-employee
15 relationship with plaintiff Church, but had permission and
16 authority from plaintiffs and LRH to provide Omar Garrison with
17 every document or object that was made available to Mr. ~~Hubbard~~
18 Garrison, and further, had permission from Omar Garrison to
19 take and deliver to his attorneys the documents and materials
20 which were subsequently delivered to them and thenceforth into
21 the custody of the County Clerk.

22 Plaintiff Church has made out a prima facie case of
23 conversion (as bailee of the materials), breach of fiduciary
24 duty, and breach of confidence (as the former employer who
25 provided confidential materials to its then employee for
26 certain specific purposes, which the employee later used for
27 other purposes to plaintiff's detriment). Plaintiff Mary Jane
28 Hubbard has likewise made out a prima facie case of conversion

1 and invasion privacy (misuse by a person of private matters
2 entrusted to him for certain specific purposes only).

3 While defendant has asserted various theories of defense,
4 the basic thrust of his testimony is that he did what he did,
5 because he believed that his life, physical and mental well
6 being, as well as that of his wife were threatened because the
7 organization was aware of what he knew about the life of LRH,
8 the secret machinations and financial activities of the Church,
9 and his dedication to the truth. He believed that the only way
10 he could defend himself, physically as well as from harassing
11 lawsuits, was to take from Omar Garrison those materials which
12 would support and corroborate everything that he had been
13 saying within the Church about LRH and the Church, or refute
14 the allegations made against him in the April 22 Suppressive
15 Person Declare. He believed that the only way he could be sure
16 that the documents would remain secure for his future use was
17 to send them to his attorneys, and that to protect himself, he
18 had to go public so as to minimize the risk that LRH, the
19 Church, or any of their agents would do him physical harm.

20 This conduct if reasonably believed in by defendant and
21 engaged in by him in good faith, finds support as a defense to
22 the plaintiff's charges in the Restatements of Agency, Torts,
23 and case law.

24 Restatement of Agency, Second, provides:

25 "Section 395f: An agent is privileged to reveal
26 information confidentially acquired by him in the course
27 of his agency in the protection of a superior interest of
28 himself or a third person.

1 "Section 418: An agent is privileged to protect
2 interests of his own which are superior to those of the
3 principal, even though he does so at the expense of the
4 principal's interest or in disobedience to his orders."

5 Restatement of torts, Second, section 271:

6 "One is privileged to commit an act which would
7 otherwise be a trespass to or a conversion of a chattel in
8 the possession of another, for the purpose of defending
9 himself or a third person against the other, under the
10 same conditions which would afford a privilege to inflict
11 harmful or offensive contact upon the other for the same
12 purpose."

13 The Restatement of Torts, Second, section 652a, as well as
14 case law, make it clear that not all invasions of privacy are
15 unlawful or tortious. It is only when the invasion is
16 unreasonable that it becomes actionable. Hence, the trier of
17 fact must engage in a balancing test, weighing the nature and
18 extent of the invasion, as against the purported justification
19 therefore to determine whether in a given case, the particular
20 invasion or intrusion was unreasonable.

21 In addition the defendant has asserted as a defense the
22 principal involved in the case of Willig v. Gold, 75
23 Cal.App.2d, 809, 814, which holds that an agent has a right or
24 privilege to disclose his principal's dishonest acts to the
25 party prejudicially affected by them.

26 Plaintiff Church has asserted and obviously has certain
27 rights arising out of the First Amendment. Thus, the court
28 cannot, and has not, inquired into or attempted to evaluate the

1 merits, accuracy, or truthfulness of Scientology or any of its
2 precepts as a religion. First Amendment rights, however,
3 cannot be utilized by the Church or its members, as a sword to
4 preclude the defendant, whom the Church is suing, from
5 defending himself. Therefore, the actual practices of the
6 Church or its members, as it relates to the reasonableness of
7 the defendant's conduct and his state of mind are relevant,
8 admissible, and have been considered by the court.

9 As indicated by its factual findings, the court finds the
10 testimony of Gerald and Jocelyn Armstrong, Laurel Sullivan,
11 Nancy Dincalcis, Edward Walters, Omar Garrison, Kima Douglas,
12 and Howard Schomer to be credible, extremely persuasive, and
13 the defense of privilege or justification established and
14 corroborated by this evidence. Obviously, there are some
15 discrepancies or variations in recollections, but these are the
16 normal problems which arise from lapse of time, or from
17 different people viewing matters or events from different
18 perspectives. In all critical and important matters, their
19 testimony was precise, accurate, and rang true. The picture
20 painted by these former dedicated Scientologists, all of whom
21 were intimately involved with LRH, or Mary Jane Hubbard, or of
22 the Scientology Organization, is on the one hand pathetic, and
23 on the other, outrageous. Each of these persons literally gave
24 years of his or her respective life in support of a man, LRH,
25 and his ideas. Each has manifested a waste and loss or
26 frustration which is incapable of description. Each has broken
27 with the movement for a variety of reasons, but at the same
28 time, each is, still bound by the knowledge that the Church has

1 in its posse. On his or her most inner thoughts and
2 confessions, all recorded in "pre-clear (P.C.) folders" or
3 other security files of the organization, and that the Church
4 or its minions is fully capable of intimidation or other
5 physical or psychological abuse if it suits their ends. The
6 record is replete with evidence of such abuse.

7 In 1970 a police agency of the French Government conducted
8 an investigation into Scientology and concluded, "this sect,
9 under the pretext of 'freeing humans' is nothing in reality but
10 a vast enterprise to extract the maximum amount of money from
11 its adepts by (use of) pseudo-scientific theories, by (use of)
12 'auditions' and 'stage settings' (lit. to create a theatrical
13 scene') pushed to extremes (a machine to detect lies, its own
14 particular phraseology . . .), to estrange adepts from their
15 families and to exercise a kind of blackmail against persons
16 who do not wish to continue with this sect."² From the
17 evidence presented to this court in 1984, at the very least,
18 similar conclusions can be drawn. In addition to violating and
19 abusing its own members civil rights, the organization over the
20 years with its "Fair Game" doctrine has harassed and abused
21 those persons not in the Church whom it perceives as enemies.
22 The organization clearly is schizophrenic and paranoid, and
23 this bizarre combination seems to be a reflection of its
24 founder LRH. The evidence portrays a man who has been
25 virtually a pathological liar when it comes to his history,
26
27

28 2. Exhibit 500-HHHHH.

1 background, achievements. The writ. ,s and documents in
2 evidence additionally reflect his egoism, greed, avarice, lust
3 for power, and vindictiveness and aggressiveness against
4 persons perceived by him to be disloyal or hostile. At the
5 same time it appears that he is charismatic and highly capable
6 of motivating, organizing, controlling, manipulating, and
7 inspiring his adherents. He has been referred to during the
8 trial as a "genius," a "revered person," a man who was "viewed
9 by his followers in awe." Obviously, he is and has been a very
10 complex person, and that complexity is further reflected in his
11 alter ego, the Church of Scientology. Notwithstanding
12 protestations to the contrary, this court is satisfied that LRH
13 runs the Church in all ways through the Sea Organization, his
14 role of Commodore, and the Commodore's Messengers.³ He has, of
15 course, chosen to go into "seclusion," but he maintains contact
16 and control through the top messengers. Seclusion has its
17 light and dark side too. It adds to his mystique, and yet
18 shields him from accountability and subpoena or service of
19 summons.

20 LRH's wife, Mary Sue Hubbard is also a plaintiff herein.
21 On the one hand she certainly appeared to be a pathetic
22 individual. She was forced from her post as Controller,
23 convicted and imprisoned as a felon, and deserted by her
24 husband. On the other hand her credibility leaves much to be
25 desired. She struck the familiar pose of not seeing, hearing,
26

27 3. See Exhibit K: Flag Order 3729 - 15 September 1978
28 "Commodore's Messengers."

1 or knowing a evil. Yet she was the head of the Guardian
2 Office for years and among other things, authored the infamous
3 order "GO 121669"⁴ which directed culling of supposedly
4 confidential P.C. files/folders for purposes of internal
5 security. In her testimony she expressed the feeling that
6 defendant by delivering the documents, writings, letters to his
7 attorneys, subjected her to mental rape. The evidence is clear
8 and the court finds that defendant and Omar Garrison had
9 permission to utilize these documents for the purpose of
10 Garrison's proposed biography. The only other persons who were
11 shown any of the documents were defendant's attorneys, the
12 Douglasses, the Dincalcis, and apparently some documents
13 specifically affecting LRH's son "Nibs," were shown to "Nibs."
14 The Douglasses and Dincalcises were disaffected Scientologists
15 who had a concern for their own safety and mental security, and
16 were much in the same situation as defendant. They had not
17 been declared as suppressive, but Scientology had their P.C.
18 folders, as well as other confessions, and they were extremely
19 apprehensive. They did not see very many of the documents, and
20 it is not entirely clear which they saw. At any rate Mary Sue
21 Hubbard did not appear to be so much distressed by this fact,
22 as by the fact that Armstrong had given the documents to
23 Michael Flynn, whom the Church considered its foremost
24
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4. Exhibit AAA.

1 lawyer-enemy." However, just as the plaintiffs have First
2 Amendment rights, the defendant has a Constitutional right to
3 an attorney of his own choosing. In legal contemplation the
4 fact that defendant selected Mr. Flynn rather than some other
5 lawyer cannot by itself be tortious. In determining whether
6 the defendant unreasonably invaded Mrs. Hubbard's privacy, the
7 court is satisfied the invasion was slight, and the reasons and
8 justification for defendant's conduct manifest. Defendant was
9 told by Scientology to get an attorney. He was declared an
10 enemy by the Church. He believed, reasonably, that he was
11 subject to "fair game." The only way he could defend himself,
12 his integrity, and his wife was to take that which was
13 available to him and place it in a safe harbor, to wit, his
14 lawyer's custody. He may have engaged in overkill, in the
15 sense that he took voluminous materials, some of which appear
16 only marginally relevant to his defense. But he was not a
17 lawyer and cannot be held to that precise standard of judgment.
18 Further, at the time that he was accumulating the material, he
19 was terrified and undergoing severe emotional turmoil. The
20 court is satisfied that he did not unreasonably intrude upon
21 Mrs. Hubbard's privacy under the circumstances by in effect
22 simply making his knowledge that of his attorneys. It is, of
23 course, rather ironic that the person who authorized G.O. order
24 121669 should complain about an invasion of privacy. The
25

26 5. "No, I think my emotional distress and upset is the
27 fact that someone took papers and materials without my
28 authorization and then gave them to your Mr. Flynn."
Reporter's Transcript, p. 1006.

1 practice of culling supposedly confidential "P.C. folders or
2 files" to obtain information for purposes of intimidation
3 and/or harassment is repugnant and outrageous. The Guardian's
4 Office, which plaintiff headed, was no respecter of anyone's
5 civil rights, particularly that of privacy. Plaintiff Mary Sue
6 Hubbard's cause of action for conversion must fail for the same
7 reason as plaintiff Church. The documents were all together in
8 Omar Garrison's possession. There was no rational way the
9 defendant could make any distinction.

10 Insofar as the return of documents is concerned, matters
11 which are still under seal may have evidentiary value in the
12 trial of the cross complaint or in other third party
13 litigation. By the time that proceedings on the cross
14 complaint are concluded, the court's present feeling is that
15 those documents or objects not used by that time should be
16 returned to plaintiff. However, the court will reserve
17 jurisdiction to reconsider that should circumstances warrant.

18 Dated: June 20, 1984

19
20 Paul G. Breckenridge, Jr.
21 PAUL G. BRECKENRIDGE, JR.
22 Judge of the Superior Court

23
24 THE DOCUMENT TO WHICH THIS CERTIFICATE IS AT-
25 TACHED IS A FULL TRUE AND CORRECT COPY OF THE
26 ORIGINAL ON FILE AND OF RECORD IN MY OFFICE.

27 ATTEST

SEP 11 1984

19

28 JOHN J. CORCORAN, County Clerk and Clerk of the
Superior Court of California,
County of Los Angeles

BY

DEPUTY

S. HURST

Appendix

Defendant Armstrong was involved with Scientology from 1969 through 1981, a period spanning 12 years. During that time he was a dedicated and devoted member who revered the founder, L. Ron Hubbard. There was little that Defendant Armstrong would not do for Hubbard or the Organization. He gave up formal education, one-third of his life, money and anything he could give in order to further the goals of Scientology, goals he believed were based upon the truth, honesty, integrity of Hubbard and the Organization.

From 1971 through 1981, Defendant Armstrong was a member of the Sea Organization, a group of highly trained scientologists who were considered the upper echelon of the Scientology organization. During those years he was placed in various locations, but it was never made clear to him exactly which Scientology corporation he was working for. Defendant Armstrong understood that, ultimately, he was working for L. Ron Hubbard, who controlled all Scientology finances, personnel, and operations while Defendant was in the Sea Organization.

Beginning in 1979 Defendant Armstrong resided at Gilman Hot Springs, California, in Hubbard's "Household Unit." The Household Unit took care of the personal wishes and needs of Hubbard at many levels. Defendant Armstrong acted as the L. Ron Hubbard Renovations In-Charge and was responsible for renovations, decoration, and maintenance of Hubbard's home and office at Gilman Hot Springs.

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1 In January of 1980 there was an announcement of a possible
2 raid to be made by the FBI or other law enforcement agencies of
3 the property. Everyone on the property was required by
4 Hubbard's representatives, the Commodore's Messengers, to go
5 through all documents located on the property and "vet" or
6 destroy anything which showed that Hubbard controlled
7 Scientology organizations, retained financial control, or was
8 issuing orders to people at Gilman Hot Springs.

9 A commercial paper shredder was rented and operated day
10 and night for two weeks to destroy hundreds of thousands of
11 pages of documents.

12 During the period of shredding, Brenda Black, the
13 individual responsible for storage of Hubbard's personal
14 belongings at Gilman Hot Springs, came to Defendant Armstrong
15 with a box of documents and asked whether they were to be
16 shredded. Defendant Armstrong reviewed the documents and found
17 that they consisted of a wide variety of documents including
18 Hubbard's personal papers, diaries, and other writings from a
19 time before he started Dianetics in 1950, together with
20 documents belonging to third persons which had apparently been
21 stolen by Hubbard or his agents. Defendant Armstrong took the
22 documents from Ms. Black and placed them in a safe location on
23 the property. He then searched for and located another twenty
24 or more boxes containing similar materials, which were poorly
25 maintained.

26 On January 8, 1980, Defendant Armstrong wrote a petition
27 to Hubbard requesting his permission to perform the research
28 for a biography to be done about his life. The petition states

1 that Defendant Armstrong had located the subject materials and
2 lists of a number of activities he wished to perform in
3 connection with the biography research.

4 Hubbard approved the petition, and Defendant Armstrong
5 became the L. Ron Hubbard Personal Relations Officer Researcher
6 (PPRO Res). Defendant claims that this petition and its
7 approval forms the basis for a contract between Defendant and
8 Hubbard. Defendant Armstrong's supervisor was then Laurel
9 Sullivan, L. Ron Hubbard's Personal Public Relations Officer.

10 During the first part of 1980, Defendant Armstrong moved
11 all of the L. Ron Hubbard Archives materials he had located at
12 Gilman Hot Springs to an office in the Church of Scientology
13 Cedars Complex in Los Angeles. These materials comprised
14 approximately six file cabinets. Defendant Armstrong had
15 located himself in the Cedars Complex, because he was also
16 involved in "Mission Corporate Category Sort-Out," a mission to
17 work out legal strategy. Defendant Armstrong was involved with
18 this mission until June of 1980.

19 It was also during this early part of 1980 that Hubbard
20 left the location in Gilman Hot Springs, California, and went
21 into hiding. Although Defendant Armstrong was advised by
22 Laurel Sullivan that no one could communicate with Hubbard,
23 Defendant Armstrong knew that the ability for communication
24 existed, because he had forwarded materials to Hubbard at his
25 request in mid-1980.

26 Because of this purported inability to communicate with
27 Hubbard, Defendant Armstrong's request to purchase biographical
28 materials of Hubbard from people who offered them for sale went

1 to the Commoc. 's Messenger Organization, the personal
2 representatives of Hubbard.

3 In June of 1980 Defendant Armstrong became involved in the
4 selection of a writer for the Hubbard biography. Defendant
5 Armstrong learned that Hubbard had approved of a biography
6 proposal prepared by Omar Garrison, a writer who was not a
7 member of Scientology. Defendant Armstrong had meetings with
8 Mr. Garrison regarding the writing of the biography and what
9 documentation and assistance would be made available to him.
10 As understood by Mr. Garrison, Defendant Armstrong represented
11 Hubbard in these discussions.

12 Mr. Garrison was advised that the research material he
13 would have at his disposal were Hubbard's personal archives.
14 Mr. Garrison would only undertake a writing of the biography if
15 the materials provided to him were from Hubbard's personal
16 archives, and only if his manuscript was subject to the
17 approval of Hubbard himself.

18 In October of 1980 Mr. Garrison came to Los Angeles and
19 was toured through the Hubbard archives materials that
20 Defendant Armstrong had assembled up to that time. This was an
21 important "selling point" in obtaining Mr. Garrison's agreement
22 to write the biography. On October 30, 1980, an agreement was
23 entered into between Ralston-Pilot, ncw. F/S/O Omar V.
24 Garrison, and AOSH DK Publications of Copenhagen, Denmark, for
25 the writing of a biography of Hubbard.

26 Paragraph 10B of the agreement states that:

27 "Publisher shall use its best efforts to provide
28 Author with an office, an officer assistant and/or

1 research assistant, office supplies and any needed
2 archival and interview materials in connection with
3 the writing of the Work."

4 The "research assistant" provided to Mr. Garrison was
5 Defendant Armstrong.

6 During 1980 Defendant Armstrong exchanged correspondence
7 with Intervenor regarding the biography project. Following his
8 approval by Hubbard as biography researcher, Defendant
9 Armstrong wrote to Intervenor on February 5, 1980, advising her
10 of the scope of the project. In the letter Defendant stated
11 that he had found documents which included Hubbard's diary from
12 his Orient trip, poems, essays from his youth, and several
13 personal letters, as well as other things.

14 By letter of February 11, 1980, Intervenor responded to
15 Defendant, acknowledging that he would be carrying out the
16 duties of Biography Researcher.

17 On October 14, 1980, Defendant Armstrong again wrote to
18 Intervenor, updating her on "Archives materials" and proposing
19 certain guidelines for the handling of those materials.

20 It was Intervenor who, in early 1981, ordered certain
21 biographical materials from "Controller Archives" to be
22 delivered to Defendant Armstrong. These materials consisted of
23 several letters written by Hubbard in the 1920's and 1930's,
24 Hubbard's Boy Scout books and materials, several old Hubbard
25 family photographs, a diary kept by Hubbard in his youth, and
26 several other items.

27 Defendant Armstrong received these materials upon the
28 order of Intervenor, following his letter of October 15, 1980,

1 to her in which Defendant stated, at page 1, that there were
2 materials in the "Controller Archives" that would be helpful to
3 him in the biography research.

4 After these materials were delivered to Defendant
5 Armstrong, Intervenor was removed from her Scientology position
6 of Controller in 1981, presumably because of her conviction for
7 the felony of obstruction of justice in connection with the
8 theft of Scientology documents from various government offices
9 and agencies in Washington, D.C.

10 During the time Defendant Armstrong worked on the
11 biography project and acted as Hubbard Archivist, there was
12 never any mention that he was not to be dealing with Hubbard's
13 personal documents or that the delivery of those documents to
14 Mr. Garrison was not authorized.

15 For the first year or more of the Hubbard biography and
16 archive project, funding came from Hubbard's personal staff
17 unit at Gilman Hot Springs, California. In early 1981,
18 however, Defendant Armstrong's supervisor, Laurel Sullivan,
19 ordered him to request that funding come from what was known as
20 SEA Org Reserves. Approval for this change in funding came
21 from the SEA Org Reserves Chief and Watch Dog Committee, the
22 top Commodores Messenger Organization unit, who were Hubbard's
23 personal representatives.

24 From November of 1980 through 1981, Defendant Armstrong
25 worked closely with Mr. Garrison, assembling Hubbard's archives
26 into logical categories, copying them and arranging the copies
27 of the Archives materials into bound volumes. Defendant
28 Armstrong made two copies of almost all documents copied for

1 Mr. Garrison - one for Mr. Garrison and the other to remain in
2 Hubbard Archives for reference or recopying. Defendant
3 Armstrong created approximately 400 binders of documents. The
4 vast majority of the documents for Mr. Garrison came from
5 Hubbard's personal Archives, of which Defendant Armstrong was
6 in charge. Materials which came from other Archives, such as
7 the Controller Archives, were provided to Defendant Armstrong
8 by Scientology staff members who had these documents in their
9 care.

10 It was not until late 1981 that Plaintiff was to provide a
11 person to assist on the biography project by providing Mr.
12 Garrison with "Guardian Office" materials, otherwise described
13 as technical materials relating to the operation of
14 Scientology. The individual appointed for this task was Vaughn
15 Young. Controller Archives and Guardian Office Archives had no
16 connection to the Hubbard Archives, which Defendant Armstrong
17 created and maintained as Hubbard's personal materials.

18 In addition to the assemblage of Hubbard's Archives,
19 Defendant Armstrong worked continually on researching and
20 assembling materials concerning Hubbard by interviewing dozens
21 of individuals, including Hubbard's living aunt, uncle, and
22 four cousins. Defendant Armstrong did a geneology study of
23 Hubbard's family and collected, assembled, and read hundreds of
24 thousands of pages of documentation in Hubbard's Archives.

25 During 1980 Defendant Armstrong remained convinced of
26 Hubbard's honesty and integrity and believed that the
27 representations he had made about himself in various
28 publications were truthful. Defendant Armstrong was devoted to

1 Hubbard and was convinced that any information which he
2 discovered to be unflattering of Hubbard or contradictory to
3 what Hubbard has said about himself, was a lie being spread by
4 Hubbard's enemies. Even when Defendant Armstrong located
5 documents in Hubbard's Archives which indicated that
6 representations made by Hubbard and the Organization were
7 untrue, Defendant Armstrong would find some means to "explain
8 away" the contradictory information..

9 Slowly, however, throughout 1981, Defendant Armstrong
10 began to see that Hubbard and the Organization had continuously
11 lied about Hubbard's past, his credentials, and his
12 accomplishments. Defendant Armstrong believed, in good faith,
13 that the only means by which Scientology could succeed in what
14 Defendant Armstrong believed was its goal of creating an
15 ethical environment on earth, and the only way Hubbard could be
16 free of his critics, would be for Hubbard and the Organization
17 to discontinue the lies about Hubbard's past, his credentials,
18 and accomplishments. Defendant Armstrong resisted any public
19 relations piece or announcement about Hubbard which the L. Ron
20 Hubbard Public Relations Bureau proposed for publication which
21 was not factual. Defendant Armstrong attempted to change and
22 make accurate the various "about the author" sections in
23 Scientology books, and further, Defendant rewrote or critiqued
24 several of these and other publications for the L. Ron Hubbard
25 Public Relations Bureau and various Scientology Organizations.
26 Defendant Armstrong believed and desired that the Scientology
27 Organization and its leader discontinue the perpetration of the

28 ///

1 massive fraud upon the innocent followers of Scientology, and
2 the public at large.

3 Because of Defendant Armstrong's actions, in late November
4 of 1981, Defendant was requested to come to Gilman Hot Springs
5 by Commodore Messenger Organization Executive, Cirrus Slevin.
6 Defendant Armstrong was ordered to undergo a "security check,"
7 which involved Defendant Armstrong's interrogation while
8 connected to a crude Scientology lie detector machine called an
9 E-meter.

10 The Organization wished to determine what materials
11 Defendant Armstrong had provided to Omar Garrison. Defendant
12 Armstrong was struck by the realization that the Organization
13 would not work with him to correct the numerous fraudulent
14 representations made to followers of Scientology and the public
15 about L. Ron Hubbard and the Organization itself. Defendant
16 Armstrong, who, for twelve years of his life, had placed his
17 complete and full trust in Mr. and Mrs. Hubbard and the
18 Scientology Organization, saw that his trust had no meaning and
19 that the massive frauds perpetrated about Hubbard's past,
20 credentials, and accomplishments would continue to be spread.

21 Less than three weeks before Defendant Armstrong left
22 Scientology, he wrote a letter to Cirrus Slevin on November 25,
23 1981, in which it is clear that his intentions in airing the
24 inaccuracies, falsehoods, and frauds regarding Hubbard were
25 done in good faith. In his letter he stated as follows:

26 "If we present inaccuracies, hyperbole
27 or downright lies as fact or truth, it
28 doesn't matter what slant we give them, if

1 disproved the man will look, to outsiders
2 at least, like a charlatan. This is what
3 I'm trying to prevent and what I've been
4 working on the past year and a half.

5

6 "and that is why I said to Norman that
7 it is up to us to insure that everything
8 which goes out about LRH is one hundred
9 percent accurate. That is not to say that
10 opinions can't be voiced, they can. And
11 they can contain all the hype you want.
12 But they should not be construed as facts.
13 And anything stated as a fact should be
14 documentable.

15 "We are in a period when
16 'investigative reporting' is popular, and
17 when there is relatively easy access to
18 documentation on a person. We can't delude
19 ourselves I believe, if we want to gain
20 public acceptance and cause some betterment
21 in society, that we can get away with
22 statements, the validity of which we don't
23 know.

24 "The real disservice to LRH, and the
25 ultimate make-wrong is to go on assuming
26 that everything he's ever written or said
27 -- is one hundred percent accurate and publish
28 it as such without verifying it. I'm

1 talking here about biographical or
2 non-technical writings. This only leads,
3 should any of his statements turn out to be
4 inaccurate, to a make-wrong of him, and
5 consequently his technology.

6 "That's what I'm trying to remedy and
7 prevent.

8
9 "To say that LRH is not capable of
10 hype, errors or lies is certainly 'sic! not
11 granting him much of a beingness. To
12 continue on with the line that he has never
13 erred nor lied is counterproductive. It is
14 an unreal attitude and too far removed from
15 both the reality and people in general that
16 it would widen public unacceptance.

17
18 " . . . That is why I feel the
19 falsities must be corrected, and why we
20 must verify our facts and present them in a
21 favorable light."

22
23 The remainder of the letter contains examples of facts
24 about Hubbard which Defendant Armstrong found to be wholly
25 untrue or inaccurate and which were represented as true by the
26 Hubbards and the Scientology Organization.

27 In December of 1981 Defendant Armstrong made the decision
28 to leave the Church of Scientology. In order to continue in

1 his commitment to Hubbard and Mr. Garrison in the biography
2 project, he copied a large quantity of documents, which Mr.
3 Garrison had requested or which would be useful to him for the
4 biography. Defendant Armstrong delivered all of this material
5 to Mr. Garrison the date he left the SEA Organization and kept
6 nothing in his possession.

7 Thereafter, Defendant Armstrong maintained friendly
8 relations with Hubbard's representatives by returning to the
9 Archives office and discussing the various categories of
10 materials. In fact on February 24, 1982, Defendant Armstrong
11 wrote to Vaughn Young, regarding certain materials Mr. Young
12 was unable to locate for Omar Garrison.

13 After this letter was written, Defendant Armstrong went to
14 the Archives office and located certain materials Mr. Garrison
15 had wanted which Hubbard representatives claimed they could not
16 locate.

17 At the time Defendant Armstrong left the SEA Organization,
18 he was disappointed with Scientology and Hubbard, and also felt
19 deceived by them. However, Defendant Armstrong felt he had no
20 enemies and felt no ill will toward anyone in the Organization
21 or Hubbard, but still believed that a truthful biography should
22 be written.

23 After leaving the SEA Organization, Defendant ARMstrong
24 continued to assist Mr. Garrison with the Hubbard biography
25 project. In the spring of 1982, Defendant Armstrong at Mr.
26 Garrison's request, transcribed some of his interview tapes,
27 copied some of the documentation he had, and assembled several
28 more binders of copied materials. Defendant Armstrong also set

1 up shelves for Mr. Garrison for all the biography research
2 materials, worked on a cross-reference systems, and continued
3 to do library research for the biography.

4 On February 18, 1982, the Church of Scientology
5 International issued a "Suppressive Person Declare Gerry
6 Armstrong," which is an official Scientology document issued
7 against individuals who are considered as enemies of the
8 Organization. Said Suppressive Person Declare charged that
9 Defendant Armstrong had taken an unauthorized leave and that he
10 was spreading destructive rumors about Senior Scientologists.

11 Defendant Armstrong was unaware of said Suppressive Person
12 Declare until April of 1982. At that time a revised Declare
13 was issued on April 22, 1982. Said Declare charged Defendant
14 Armstrong with 18 different "Crimes and High Crimes and
15 Suppressive Acts Against the Church." The charges included
16 theft, juggling accounts, obtaining loans on money under false
17 pretenses, promulgating false information about the Church,
18 its founder, and members, and other untruthful allegations
19 designed to make Defendant Armstrong an appropriate subject of
20 the Scientology "Fair Game Doctrine." Said Doctrine allows any
21 suppressive person to be "tricked, cheated, lied to, sued, or
22 destroyed."

23 The second declare was issued shortly after Defendant
24 Armstrong attempted to sell photographs of his wedding on board
25 Hubbard's ship (in which Hubbard appears), and photographs
26 belonging to some of his friends, which also included photos of
27 L.R. Hubbard while in seclusion. Although Defendant Armstrong
28 delivered the photographs to a Virgil Wilhite for sale, he

1 never received payment or return of his friend's photographs.
2 When he became aware that the Church had these photographs, he
3 went to the Organization to request their return. A loud and
4 boisterous argument ensued, and he eventually was told to leave
5 the premises and get an attorney.

6 From his extensive knowledge of the covert and
7 intelligence operations carried out by the Church of
8 Scientology of California against its enemies (suppressive
9 persons), Defendant Armstrong became terrified and feared that
10 his life and the life of his wife were in danger, and he also
11 feared he would be the target of costly and harassing lawsuits.
12 In addition, Mr. Garrison became afraid for the security of the
13 documents and believed that the intelligence network of the
14 Church of Scientology would break and enter his home to
15 retrieve them. Thus, Defendant Armstrong made copies of
16 certain documents for Mr. Garrison and maintained them in a
17 separate location.

18 It was thereafter, in the summer of 1982, that Defendant
19 Armstrong asked Mr. Garrison for copies of documents to use in
20 his defense and sent the documents to his attorneys, Michael
21 Flynn and Contos & Bunch.

22 After the within suit was filed on August 2, 1982,
23 Defendant Armstrong was the subject of harassment, including
24 being followed and surveilled by individuals who admitted
25 employment by Plaintiff; being assaulted by one of these
26 individuals; being struck bodily by a car driven by one of
27 these individuals; having two attempts made by said individuals
28 apparently to involve Defendant Armstrong in a freeway

1 automobile accident; having said individuals come onto
2 Defendant Armstrong's property, spy in his windows, create
3 disturbances, and upset his neighbors. During trial when it
4 appeared that Howard Schomer (a former Scientologist) might be
5 called as a defense witness, the Church engaged in a somewhat
6 sophisticated effort to suppress his testimony. It is not
7 clear how the Church became aware of defense intentions to call
8 Mr. Schomer as a witness, but it is abundantly clear they
9 sought to entice him back into the fold and prevent his
10 testimony.
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4 Attorney for Defendant
5 GERALD ARMSTRONG and THE
6 GERALD ARMSTRONG CORPORATION

ORIGINAL FILED

SEP 14 1993

LOS ANGELES
SUPERIOR COURT

8 SUPERIOR COURT OF THE STATE OF CALIFORNIA

9 FOR THE COUNTY OF LOS ANGELES

RECEIVED

SEP 16 1993

11 CHURCH OF SCIENTOLOGY)
INTERNATIONAL, a California)
12 not-for-profit religious)
corporation;)

13 Plaintiff,)

14 vs.)

15 GERALD ARMSTRONG; THE GERALD)
16 ARMSTRONG CORPORATION, a)
California corporation; DOES)
17 1-25, inclusive;)

18 Defendants.)

Case No. BC 084 642

DEFENDANT'S EXHIBITS IN
SUPPORT OF SPECIAL MOTION
TO STRIKE INCLUDING
DECLARATIONS OF FORD GREENE,
GERALD ARMSTRONG AND VICKI
AZNARAN

Date: October 6, 1993
Time: 8:30 a.m.
Dept: AM 30

Discovery Cut Off: None
Motion Cut Off: None
Trial Date: None

20 In support of the special motion to strike defendant Gerald
21 Armstrong and the Gerald Armstrong Corporation submit the
22 following Exhibits.

23 They are indexed as follows:

24 Exhibit A: Declaration of Ford Greene

25 A-1: Complaint in Armstrong II.

26 A-2: Minute Order (stay order) dated March 23, 1993
27 in Armstrong II.

28 A-3: Minute Order (preliminary injunction) dated

- 1 May 28, 1992 in Armstrong II.
- 2 A-4: Notice of Appeal of preliminary injunction
- 3 filed July 30, 1992, in Second District Court
- 4 of Appeal, Case No. B 069 450.
- 5 A-5: Application for Order to Show Cause Why Gerald
- 6 Armstrong Should Not Be Held In Contempt filed
- 7 in Armstrong II.
- 8 A-6: Transcript of Proceedings of March 5, 1993 in
- 9 Armstrong II
- 10 A-7: Notice of Motion for Preliminary Injunction
- 11 and supporting papers filed in Armstrong II.
- 12 **Exhibit B: Declaration of Gerald Armstrong**
- 13 B-1: Page 157 of Volume II of The Technical
- 14 Bulletins of Dianetics and Scientology, by L.
- 15 Ron Hubbard, the founder of Scientology.
- 16 B-2: Guardian Order 166, dated October 7, 1971.
- 17 B-3: June 20, 1984 decision by Paul G.
- 18 Breckenridge, Jr., in the case Church of
- 19 Scientology of California v. Armstrong, L.A.
- 20 Superior Court No. C 420 153.
- 21 B-4: Declaration of Gerald Armstrong dated June 4,
- 22 1993, in Church of Scientology International
- 23 v. Wollersheim, L.A.S.C. Case No. BC 074 815.
- 24 **Exhibit C: Declaration of Vicki Aznaran**
- 25 **Exhibit D: Notice of Motion and Motion to Strike Portions of**
- 26 **Complaint; Memorandum of Points and Authorities In**
- 27 **Support Thereof filed July 28, 1988 in Religious**
- 28 **Technology Center vs. Yanny, L.A.S.C. Case No. c**

690 211.

DATED: September 13, 1993

HUB LAW OFFICES

By: 

FORD GREENE

Attorney for Defendants
GERALD ARMSTRONG and THE
GERALD ARMSTRONG CORPORATION

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5 GERALD ARMSTRONG

6
7
8 SUPERIOR COURT OF THE STATE OF CALIFORNIA
9 FOR THE COUNTY OF LOS ANGELES

10 CHURCH OF SCIENTOLOGY)
INTERNATIONAL, a California)
not-for-profit religious)
11 corporation;)

12 Plaintiff,)

13 vs.)

14 GERALD ARMSTRONG; THE GERALD)
ARMSTRONG CORPORATION, a)
15 California corporation; DOES)
1-25, inclusive;)

16 Defendants.)
17)
18

Case No. BC 084 642

DECLARATION OF GERALD ARMSTRONG
SUPPORTING SPECIAL MOTION TO
STRIKE

Date: October 8, 1993
Time: 9:00 a.m.
Dept: 83

Discovery Cut Off: None
Motion Cut Off: None
Trial Date: None

19 I, GERALD ARMSTRONG, declare:

20 1. I am above the age of 18 years old, and am the defendant
21 in the above action. I state the following based upon my own
22 first knowledge and if called upon to do so I could and would so
23 testify in open court. I was served with the complaint in this
24 action on July 30, 1993.

25 2. I became involved with Scientology as a customer in 1969
26 in Vancouver, B.C. I worked on staff there in 1970 and in
27 February 1971 joined the Sea Organization (SO or Sea Org) in Los
28

1 Angeles. I was flown to Spain and joined the Sea Org's flag ship,
2 "Apollo," in Morocco. L. Ron Hubbard, the Sea Org's
3 "Commodore," was on board and operated Scientology internationally
4 through the "crew" which numbered, during my stay on board of four
5 and a half years, around four hundred. All my staff positions on
6 board involved personal contact with L. Ron Hubbard, Mary Sue
7 Hubbard, administrative organization staff and people in the ports
8 and countries the "Apollo" visited, and included "Ship's
9 Representative" (legal representative), "Port Captain" (public
10 relations officer), and "Information Officer" (intelligence
11 officer).

12 3. In the fall of 1975 after the ship operation moved
13 ashore in Florida I was posted in the Guardian's Office (GO)
14 Intelligence Bureau connected to Hubbard's Personal Office. From
15 December 1975 through June 1976 I held the post of Deputy LRH
16 External Communications Aide, a relay terminal for Hubbard's
17 written and telex traffic to and from Scientology organizations.
18 From July 1976 to December 1977 I was assigned, on Hubbard's
19 order, to the "Rehabilitation Project Force" (RPF), the SO prison
20 system. In 1978 I worked in Hubbard's cinematography crew in La
21 Quinta, California making movies under his direction until the
22 fall of that year when he again assigned me to the RPF, this time
23 for eight months first in La Quinta, then at a newly purchased
24 base in Gilman Hot Springs near Hemet, California. When I got out
25 of the RPF in the spring of 1979 and until the beginning of 1980 I
26 worked in Hubbard's "Household Unit" (HU) at Gilman, the SO unit
27 which took care of Hubbard's house, personal effects, transport,
28 meals and so forth, as the "Purchaser," "Renovations In-Charge"

1 and "Deputy Commanding Officer HU."

2 4. Throughout 1980 and until I left the organization in
3 December 1981 I held the organization posts in Hubbard's "Personal
4 Public Relations Bureau" of "LRH Archivist" and "LRH Personal
5 Researcher." I assembled in Los Angeles an archive of Hubbard's
6 writings and other materials relating to his history to be used
7 as, inter alia, the basis for a biography to be written about the
8 man. I also worked in Los Angeles for the first few months of 1980
9 on Mission Corporate Category Sortout (MCCS), which had the
10 purpose of restructuring the Scientology enterprise so that
11 Hubbard could continue to control it without being liable for its
12 actions. (A tape recording of two meetings relating to MCCS's
13 actions subsequently became the subject of Church of Scientology
14 of California v. Zolin. ^{1/}) Beginning in the fall of 1980 and
15 continuing until my departure, I provided the biographical
16 writings and other materials, as I collected and organized them,
17 to Omar Garrison, who had contracted with the organization to
18 write the Hubbard biography. I interviewed many people who had
19 known Mr. Hubbard at periods throughout his life, including almost
20 all of his known living relatives. I traveled several thousand
21 miles collecting biographical information and conducting a
22 genealogy search, and arranged the purchase of a number of
23 collections of Hubbard-related documents and other materials from

24 ¹ United States v. Zolin (9th Cir. 1987) 809 F.2d 1411
25 [government made insufficient showing of illegal advice by
26 Scientology's lawyers to Scientology] was reversed in United
27 States v. Zolin (1989) 109 S.Ct. 2619. On remand the Ninth
28 Circuit found the crime-fraud exception to the attorney-client
privilege applicable. (United States v. Zolin (9th Cir. 1990) 905
F.2d 1344, 1345. cert. denied, Church of Scientology v. United
States (1991) 111 S.Ct. 1309.)

1 individual collectors.

2 5. Through my research and study of documentary evidence I
3 was compelled to conclude that Mr. Hubbard had lied about his
4 past, credentials, accomplishments, relationships and intentions.
5 I obtained evidence which disproved many of the claims made by
6 Hubbard in his biographies printed in Scientology publications and
7 used in promotion of the man and his philosophy and psychotherapy;
8 consequently I attempted to get the organization executives
9 responsible for these publications to correct the disproven
10 claims. As a result I was ordered to be security checked, an
11 invasive interrogation employing an electronic meter as a lie
12 detector, a procedure I had undergone many times in the Sea Org.
13 I had by this time obtained evidence which disproved the
14 significant representations Hubbard had made about himself or his
15 "technology" which had drawn me into and kept me in the
16 organization for over twelve years; e.g., that he was an engineer
17 and an atomic physicist, that he had been crippled and blinded in
18 combat in WW II and had cured himself with his mental science
19 discoveries, that it was a matter of medical record that he had
20 twice been pronounced dead, that his psychotherapy had been
21 subjected to rigorous scientific testing, that it cured all
22 psychosomatic ills and raised IQs a point per hour of therapy (I
23 had by this time had well over a thousand hours), that he had been
24 remunerated for his labors less than staff members were paid (in
25 my case between \$4.30 and \$17.20 per week throughout my 50 years),
26 and that he and his organization were ethical and well-
27 intentioned. When it became clear to me that I was not going to
28 be able to get the organization or Hubbard to admit to the lies

1 and take a more honest path I, and my wife Jocelyn, left the
2 organization.

3 6. Following my departure the organization published a
4 "Declaration" dated February 18, 1982 labelling me a "Suppressive
5 Person (SP)." An SP is considered in Scientology completely
6 psychotic and destructive, one of the two and a half percent truly
7 evil people on the planet. SPs are viewed as enemies of
8 Scientology and mankind and are targets for the organization's
9 "Fair Game Policy," which states specifically that they may be
10 lied to, cheated, sued and destroyed without discipline of the
11 Scientologist committing such acts. The SP Declare also accused
12 me of "spreading destructive rumors about senior Scientologists."
13 I knew in early 1982 that I was the target of Guardian's Office
14 intelligence operations because certain friends were contacted and
15 interrogated about me by known GO intelligence personnel. The
16 organization also appropriated a set of photographs I had
17 entrusted with an associate, Virgil Wilhite, and when I demanded
18 their return told me to get a lawyer.

19 7. A few days later I met with attorney Michael Flynn who
20 agreed to defend me against the organization, which on April 22,
21 1982 published a second SP declare accusing me of eighteen
22 "crimes, high crimes and suppressive acts," including, inter alia,
23 promulgating false information about Hubbard and the organization.
24 In the late spring and summer of 1982 I obtained from Omar
25 Garrison with his permission some of the documents I had delivered
26 to him while in the organization which I considered I would need
27 to defend myself against the organization's charges in the SP
28 declares and whatever actions they would bring against me in the

1 non-Scientology courts. I sent these to Mr. Flynn and to Contos
2 and Bunch, a California law firm which by then had agreed to
3 represent me in Scientology litigation. The organization filed
4 suit against me in the Los Angeles Superior Court on August 2,
5 1982 and the Hubbard biography documents I had sent to my lawyers
6 were ordered by the Court to be deposited with the clerk where
7 they stayed until trial in the spring of 1984.

8 8. In August and September 1982 the organization employed a
9 number of private investigators to surveil and harass my wife and
10 me. During that period one of these investigators assaulted me
11 bodily, and another struck my body with a car, and attempted to
12 involve me a freeway accident by getting in front of my car and
13 slamming on his brakes and pulling alongside my car and swerving
14 into my lane. The organization also attempted to get the Los
15 Angeles Police Department to bring criminal charges against me in
16 connection with the Hubbard documents which had become the subject
17 of the litigation in the Superior Court.

18 9. I filed a cross-complaint in 1982 against various
19 Scientology corporations which was bifurcated from the underlying
20 document case and never tried because it settled in December 1986.
21 The document case was tried without a jury by Judge Paul G.
22 Breckenridge, Jr. who rendered a decision on June 20, 1984.
23 Between that time and the settlement the organization continued
24 its campaign against me which included at least these acts:

- 25 ▶ attempted entrapment;
- 26 ▶ illegal videotaping;
- 27 ▶ filing false criminal charges against me with the Los
- 28 Angeles District Attorney;

- 1 ▶ filing false criminal charges against me with the Boston
- 2 office of the FBI;
- 3 ▶ filing false declarations to bring contempt of court
- 4 proceedings against me on three occasions;
- 5 ▶ obtaining perjured affidavits from English private
- 6 investigators, who had harassed me in London in 1984, accusing me
- 7 of distributing "sealed" documents;
- 8 ▶ international dissemination of Scientology publications
- 9 falsely accusing me of crimes, including crimes against humanity;
- 10 and
- 11 ▶ culling and disseminating information from my supposedly
- 12 confidential auditing (psychotherapy) file.

13 10. On December 5, 1986 I was flown to Los Angeles, as were

14 several other of Mr. Flynn's clients with claims against the

15 organization to participate in a "global settlement." After my

16 arrival in LA I was shown a copy of a document entitled "Mutual

17 Release of All Claims and Settlement Agreement," hereinafter

18 referred to as "the settlement agreement," and some other

19 documents, which I was expected to sign.

20 11. The settlement agreement has now become a public

21 document, and it and its effects are issues in various lawsuits

22 now pending.

23 12. Upon reading the settlement agreement draft I was

24 shocked and heartsick. I told Mr. Flynn that the condition of

25 "strict confidentiality and silence with respect to [my]

26 experiences with the [organization]" (settlement agreement, para.

27 7D), since it involved over seventeen years of my life, was

28 impossible. I told him that the "liquidated damages" clause

1 (para. 7D) was outrageous; that pursuant to the settlement
2 agreement I would have to pay \$50,000.00 if I told a doctor or
3 psychologist about my experiences from those years, or if I put on
4 a resume what positions I had held during my organization years.
5 I told Mr. Flynn that the requirements of non-amenability to
6 service of process (para. 7H) and non-cooperation with persons or
7 organizations adverse to the organization (paras. 7G, 10) were
8 obstructive of justice. I told him that I felt that agreeing to
9 leave the organization's appeal of the decision in Armstrong and
10 not respond to any subsequent appeals (para. 4B) was unfair to the
11 courts and all the people who had been helped by the decision. I
12 told Mr. Flynn that an affidavit the organization was demanding
13 that I sign along with the settlement agreement was false. That
14 document, which I do not have, stated, inter alia, that my
15 disagreements with the organization had been with prior
16 management, and not with the then-current leadership. In fact
17 there had been no management change and I had the same
18 disagreements with the organization's "fair game" policies and
19 actions which had continued without change up to the time of the
20 settlement. I told him that I was being asked to betray
21 everything and everyone I had fought for against an organization
22 which was based upon injustice.

23 13. In answer to my objections to the settlement agreement,
24 Mr. Flynn said that the silence and liquidated damages clauses,
25 and anything which called for obstruction of justice were not
26 worth the paper they were printed on. He said the same thing a
27 number of times and a number of ways; e.g., that I could not
28 contract away my Constitutional rights; that the conditions were

1 unenforceable. He said that he had advised the organization
2 attorneys that those conditions in the settlement agreement were
3 not worth the paper they were printed on, but that the
4 organization, nevertheless, insisted on their inclusion in the
5 settlement agreement and would not agree to any changes. He
6 pointed out the clauses concerning my release of all claims
7 against the organization to date and its release of all claims
8 against me to date (paras. 1, 4, 5, 6, 8) and said that they were
9 the essential elements of the settlement and were what the
10 organization was paying for.

11 14. Mr. Flynn also said that everyone was sick of the
12 litigation and wanted to get on with their lives. He said that he
13 was sick of the litigation, the threats to him and his family and
14 wanted out. He said that as a part of the settlement he and all
15 co-counsels had agreed to not become involved in organization-
16 related litigation in the future. He expressed a deep concern
17 that the courts in this country cannot deal with the organization
18 and its lawyers and their contemptuous abuse of the justice
19 system. He said that if I didn't sign the documents all I had to
20 look forward to was more years of harassment and misery. One of
21 Mr. Flynn's other clients, Edward Walters, who was in the room
22 with us during this discussion, yelled at me, accusing me of
23 killing the settlement for everyone, and that everyone else had
24 signed or would sign, and everyone else wanted the settlement.
25 Mr. Flynn said that the organization would only settle with
26 everyone together; otherwise there would be no settlement. He did
27 agree to ask the organization to include a clause in my settlement
28 agreement allowing me to keep my creative works relating to L. Ron

1 Hubbard or the organization (para. 7L).

2 15. Mr. Flynn said that a major reason for the settlement's
3 "global" form was to give the organization the opportunity to
4 change its combative attitude and behavior by removing the threat
5 he and his clients represented to it. He argued that the
6 organization's willingness to pay us substantial sums of money,
7 after its agents and attorneys had sworn for years to pay us "not
8 one thin dime" was evidence of a philosophic shift within the
9 organization. I argued that the settlement agreement evidenced
10 the unchanged philosophy of fair game, and that if the
11 organization did not use the opportunity to transform its
12 antisocial nature and actions toward its members, critics and
13 society I would, a few years hence, because of my knowledge of
14 organization fraud and fair game, be again embroiled in its
15 litigation and targeted for extralegal attacks.

16 16. Regarding the affidavit the organization required that I
17 sign, Mr. Flynn said that the "disagreement with prior management"
18 could be rationalized as being a disagreement with L. Ron Hubbard,
19 and since Mr. Hubbard had died in January 1986 it could be said
20 that I no longer had that disagreement. Mr. Flynn said that the
21 organization's attorneys had promised that the affidavit, which
22 all the settling litigants were signing, would only be used by the
23 organization if I began attacking it after the settlement, and
24 since I had no intention of attacking the organization the
25 affidavit would never see the light of day.

26 17. During my meeting with Mr. Flynn in Los Angeles I found
27 myself facing a dilemma which I reasoned through in this way. If
28 I refused to sign the settlement agreement and affidavit all the

1 other settling litigants, many of whom had been flown to Los
2 Angeles in anticipation of a settlement, would be extremely
3 disappointed and would continue to be subjected to organization
4 harassment for an unknown period of time. I had been positioned
5 in the settlement drama as a deal-breaker and would undoubtedly
6 lose the support of some if not all of these litigants, several of
7 whom were key witnesses in my case against the organization.
8 Although I was certain that Mr. Flynn and my other lawyers would
9 not refuse to represent me if I did not sign the documents I also
10 knew that they all would view me as a deal-breaker and they would
11 be as disappointed as the other litigants in not ending the
12 litigation they desperately wanted out of. The prospect of
13 continuing the litigation with unhappy and unwilling attorneys on
14 my side, even though my cross-complaint was set for trial within
15 three months, was distressing. On the other hand, if I signed the
16 documents, all my co-litigants, some of whom I knew to be in
17 financial trouble, would be happy, the stress they felt would be
18 reduced and they could get on with their lives. Mr. Flynn and the
19 other lawyers would be happy and the threat to them and their
20 families would be removed. The organization would have the
21 opportunity they said they desired to clean up their act and start
22 anew. I would have the opportunity to get on with the next phase
23 of my life and the financial wherewithal to do so. I was also not
24 unhappy to at that time not have to testify in all the litigation
25 nor to respond to the media's frequent questions. If the
26 organization continued its fair game practices toward me I knew
27 that I would be left to defend myself and I accepted that fact.
28 So, armed with Mr. Flynn's advice that the conditions I found so

1 offensive in the settlement agreement were not worth the paper
2 they were printed on, and the knowledge that the organization's
3 attorneys were also aware of that legal opinion, I put on a happy
4 face and the following day went through the charade of a
5 videotaped signing.

6 18. It was my understanding and intention at the time of the
7 settlement that I would honor the silence and confidentiality
8 conditions of the settlement agreement, and that the organization
9 had agreed to do likewise.

10 19. Following the December 1986 settlement the organization
11 continued its fair game campaign against me in violation of the
12 spirit and letter of the settlement agreement which primarily
13 consisted of the distribution of false and defamatory statements
14 about me in public and in various lawsuits.

15 20. Since leaving the Scientology organization, I have
16 monitored the conduct of the organization. I am familiar with,
17 and have been the target and victim of the "fair game" doctrine
18 which has been described in a number of published judicial
19 decisions. Although Scientology claims that the "fair game"
20 doctrine has been abandoned, I know from personal experience that
21 this is not true, at least as recently as this year. For
22 instance, Scientology attempted in the first few months of 1993 to
23 have me jailed for contempt of court based upon the false
24 declaration of a lawyer, Laurie Bartilson, who is herself a
25 Scientologist, for acts which Scientology itself set up. This is
26 only the most recent of over a decade of "dirty tricks" which
27 Scientology personnel have directed at me.

28 21. As a result of the activities described above, I have

1 become very familiar with Scientology practices, procedures,
2 policies and policy documents, including those described below.

3 22. Attached to this declaration as Exhibit 1 is a true and
4 correct copy of a portion of Volume II of The Technical Bulletins
5 of Dianetics and Scientology, by L. Ron Hubbard, the founder of
6 Scientology. It includes (at page 157) the following description
7 of Scientology's practice of using litigation to harass its
8 opponents:

9 The purpose of the suit is to harass and discourage
10 rather than to win. [¶] The law can be used very
11 easily to harass, and enough harassment on somebody who
12 is simply on the thin edge anyway ... will generally be
sufficient to cause his professional decease. If
possible, of course, ruin him utterly.

13 23. Attached to this declaration as Exhibit 2 is a true and
14 correct copy of an internal Scientology document, Guardian Order
15 166, dated October 7, 1971. This document was written by the then
16 Guardian, Jane Kember, at the time the most senior Scientology
17 official under L. Ron Hubbard and his wife, Mary Sue Hubbard. GO
18 166 was included in the Intelligence Course Pack which I studied
19 while I was the Intelligence Officer on Scientology's ship, the
20 "Apollo," in the 1970's. This document includes the following
21 explanation that Scientology legal strategy in the U.S. is to use
22 litigation as a financial club:

23 The button used in effecting settlement is purely
24 financial. In other words, it is more costly to
25 continue the legal action than to settle in some
26 fashion. ... [¶] Therefore, it is imperative that
27 legal US Dev-T his opponents and their lawyers with
correspondence (a lawyer's letter costs approx \$50),
phone calls (time costs), interrogatories, depositions
and whatever else legal can mock up. [¶] One of the
bright spots of US legal is that even if you lose you
don't pay your opponent for his legal fees.

28 The term "Dev-T" is a term that Scientology uses to mean to cause

1 someone to do unnecessary work.

2 24. From my personal experience, I know that Scientology
3 does use the litigation approach described by Hubbard and Kember
4 in the quotes above. In various cases, Scientology has subjected
5 me to over 35 days of depositions. As a paralegal working on
6 cases involving Scientology for 16 months for Boston attorney
7 Michael Flynn and for over two years for California attorney Ford
8 Greene, I have observed Scientology's litigation practices.
9 Scientology regularly attempts to bludgeon the opposition into
10 submission with a blizzard of meritless paper, motions,
11 depositions, appeals, writs, State Bar complaints, criminal
12 complaints, perjured testimony and other improper and abusive
13 tactics.

14 25. Attached to this declaration as Exhibit 3 is a true and
15 correct copy of the June 20, 1984 decision by Paul G.
16 Breckenridge, Jr., in the case Church of Scientology of California
17 v. Armstrong, L.A. Superior Court No. C 420 153, which was
18 affirmed on appeal at 232 Cal.App.3d 1060, 283 Cal.Rptr. 917
19 (1991).

20 26. Attached to this declaration as Exhibit 4 is a true and
21 correct copy of the declaration dated June 4, 1993, I provided to
22 the attorneys for Larry Wollersheim in Church of Scientology
23 International v. Wollersheim, L.A.S.C. Case No. BC 074 815.

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1 I declare under the penalty of perjury under the laws of the
2 State of California that the foregoing is true and correct.

3 Executed this September 13, 1993, at San Anselmo, California.
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9 Gerald Armstrong
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13 Attorneys for Plaintiff
14 CHURCH OF SCIENTOLOGY INTERNATIONAL

RECEIVED

JUN 04 1992

HUB LAW OFFICES

15 SUPERIOR COURT OF THE STATE OF CALIFORNIA

16 FOR THE COUNTY OF MARIN

17 CHURCH OF SCIENTOLOGY)	Case No. BC 052395
18 INTERNATIONAL, a California)	
19 not-for-profit religious)	
20 corporation;)	AMENDED VERIFIED COMPLAINT
21)	FOR DAMAGES AND FOR
22 Plaintiff,)	PRELIMINARY AND PERMANENT
23 vs.)	INJUNCTIVE RELIEF FOR
24)	BREACH OF CONTRACT
25)	
26 GERALD ARMSTRONG;)	
27 DOES 1-25 INCLUSIVE)	
28)	
29 Defendants.)	

30 Plaintiff, by its attorneys, Wilson, Ryan & Campilongo and
31 Bowles & Moxon, for its Amended Complaint, alleges:

32 NATURE OF THE ACTION

33 1. In violation of the express terms and spirit of a
34 settlement agreement ("the Agreement") entered into in December,
35 1986, defendant Gerald Armstrong ("Armstrong") has embarked on a
36 deliberate campaign designed to aid plaintiff's litigation
37 adversaries, breach the confidentiality provisions of the
38 Agreement, and foment litigation, hatred and ill-will toward
39 plaintiff.

1 2. Five years ago, plaintiff Church of Scientology
2 International ("CSI") entered into the Agreement with Armstrong,
3 on its own behalf and for the benefit of numerous third-party
4 beneficiaries. The Agreement provided for a mutual release and
5 waiver of all claims arising out of a cross-complaint which
6 defendant Armstrong had filed in the case of Church of
7 Scientology of California v. Gerald Armstrong, Los Angeles
8 Superior Court No. C 420153. Armstrong, a former Church member
9 who sought, by both litigation and covert means, to disrupt the
10 activities of his former faith, displayed through the years an
11 intense and abiding hatred for the Church, and an eagerness to
12 annoy and harass his former co-religionists by spreading enmity
13 and hatred among members and former members. Plaintiff sought,
14 with the Agreement, to end all of Armstrong's covert activities
15 against it, along with the litigation itself. For that reason,
16 the Agreement contained carefully negotiated and agreed-upon
17 confidentiality provisions and provisions prohibiting Armstrong
18 from fomenting litigation against plaintiff by third parties.
19 These provisions were bargained for by plaintiff to put an end to
20 the enmity and strife generated by Mr. Armstrong once and for
21 all.

22 3. This action arises out of deliberate and repeated
23 breaches by Armstrong of these and other express provisions of
24 the Agreement. Although plaintiff fully performed all of its
25 obligations under the Agreement, Armstrong never intended to keep
26 his part of the bargain and maintains that he considered the
27 referenced provisions to be unenforceable ab initio. As soon as
28 he finished spending the money he extracted from plaintiff as the

1 price of his signature, in June 1991, Armstrong began a
2 systematic campaign to foment litigation against plaintiff by
3 providing confidential information, copies of the Agreement,
4 declarations, and "paralegal" assistance to litigants actively
5 engaged in litigation against his former adversaries. Although
6 plaintiff has repeatedly demanded that Armstrong end his constant
7 and repeated breach of the provisions of the Agreement, Armstrong
8 appears to delight in renewing his annoying and harassing
9 activities, admitting to them in sworn declarations, and refusing
10 to end his improper liaisons.

11 4. With this Complaint, plaintiff seeks the Court's aid in
12 obtaining the peace for which it bargained more than five years
13 ago. Plaintiff requests liquidated damages pursuant to the terms
14 of the Agreement, as well as injunctive relief to prevent
15 additional and future breaches of the Agreement by Armstrong.

16 THE PARTIES

17 5. Plaintiff Church of Scientology International is a non-
18 profit religious corporation incorporated under the laws of the
19 State of California, having its principal offices in Los Angeles,
20 California. Plaintiff CSI is the Mother Church of the
21 Scientology religion.

22 6. Defendant Gerald Armstrong is a resident of Marin
23 County, California.

24 7. Plaintiff is ignorant of the names and capacities of
25 the defendants identified as DOES 1 through 25, inclusive, and
26 thus brings suit against those defendants by their true names
27 upon the ascertainment of their true names and capacities, and
28 their responsibility for the conduct alleged herein.

THE CONTRACT

1
2 8. On or about December 6, 1986, CSI and Armstrong entered
3 into a written confidential settlement Agreement, a true and
4 correct copy of which is attached hereto as Exhibit A, and
5 incorporated herein by reference.

6 9. The Agreement was entered into by plaintiff and
7 defendant Armstrong, with the participation of their respective
8 counsel after full negotiation. Each provision of the Agreement
9 was carefully framed by the parties and their counsel to
10 accurately reflect the agreement of the parties.

11 10. Plaintiff specifically negotiated for and obtained from
12 Armstrong the provisions in the Agreement delineated in
13 paragraphs 7(D), 7(H), 7(G), 10 and paragraphs 12 through 18,
14 because it was well aware, through investigation, that Armstrong
15 had undertaken a series of covert activities, apart from the
16 litigation, which were intended by Armstrong to discredit Church
17 leaders, spark government raids into the Churches, create phony
18 "evidence" of wrongdoing against the Churches, and, ultimately,
19 destroy the Churches and their leadership.

20 11. Contemporaneously with the signing of the Agreement,
21 Armstrong represented that he understood the Agreement's
22 provisions and was acting of his own free will and not under
23 duress. In later 1991, Armstrong revealed for the first time
24 that he believed at the time the Agreement was signed that the
25 provisions contained in Paragraphs 7(D), 7(H), 7(G), 10, 12 and
26 18 were unenforceable.

27 12. In November, 1984, Armstrong was plotting against the
28 Scientology Churches and seeking out staff members in the Church

1 who would be willing to assist him in overthrowing Church
2 leadership. The Church obtained information about Armstrong's
3 plans and, through a police-sanctioned investigation, provided
4 Armstrong with the "defectors" he sought. On four separate
5 occasions in November, 1984, Armstrong met with two individuals
6 that he considered to be defectors, whom he knew as "Joey" and
7 "Mike." In reality, both "Joey" and "Mike" were loyal Church
8 members who, with permission from the Los Angeles police, agreed
9 to have their conversations with Armstrong surreptitiously
10 videotaped. During the course of these conversations, Armstrong:

- 11 a. Demanded that "Joey" provide him with copies of
12 documents published by the Churches so that he
13 could forge documents in the same style.
14 Armstrong wanted "Joey" to then plant these
15 Armstrong creations in the Church's files so that
16 Armstrong could tip off the Internal Revenue
17 Service Criminal Investigations Division ("CID"),
18 and the incriminating documents would be found in
19 a resulting raid;
- 20 b. Sought to "set up" the defection of a senior
21 Scientologist by finding a woman to seduce him;
- 22 c. Told "Joey" all about his conversations with Al
23 Lipkin, an investigator for the L.A. CID, and
24 attempted to get "Joey" to call Lipkin and give
25 him false information that would implicate the
26 Church's leaders in the misuse of donations; and
- 27 d. Instructed "Mike" on the methods of creating a
28 lawsuit against the Church leadership based on

nothing at all:

ARMSTRONG: They can allege it. They can allege it. They don't even have -- they can allege it.

RINDER: So they don't even have to have the document sitting in front of them and then --

ARMSTRONG: F__ing say the organization destroys the documents.

* * *

Where are the -- we don't have to prove a goddamn thing. We don't have to prove s__t; we just have to allege it.

Given Armstrong's propensity to create trouble for the Churches regardless of truth, the Churches naturally considered such provisions to be an integral and necessary part of any settlement.

13. The Agreement also provided that plaintiff CSI would pay to Armstrong's attorney, Michael Flynn, a lump sum amount intended to settle not just Armstrong's case, but the cases of other clients of Mr. Flynn as well, and that Mr. Flynn would pay to Armstrong a portion of that settlement amount. The exact amount of the portion to be paid to Armstrong by Mr. Flynn was maintained as confidential between Mr. Flynn and Armstrong.

14. CSI paid to Mr. Flynn the lump sum settlement amount.

15. Mr. Flynn paid to Armstrong his confidential portion of the lump sum settlement amount.

16. The consideration paid to Armstrong was fair, reasonable and adequate. Plaintiff CSI has performed all of its obligations pursuant to the Agreement.

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FIRST CAUSE OF ACTION

(Against Armstrong for Breach of Contract)

17. Plaintiff realleges paragraphs 1 - 16, inclusive, and incorporates them herein by reference.

18. Vicki and Richard Aznaran ("the Aznarans") are former Scientology parishioners currently engaged in litigation against, inter alia, RTC and CSI, in the case of Vicki J. Aznaran, et al. v. Church of Scientology of California, et al., United States District Court for the Central District of California, Case No. CV 88-1786 JMI (Ex).

19. In June, 1991, the Aznarans discharged their attorney, Ford Greene, and retained attorney Joseph A. Yanny to represent them.

20. While acting as the Aznarans' counsel, Yanny hired Gerald Armstrong as a paralegal to help Yanny on the Aznaran case.

21. In July, 1991, Armstrong agreed to travel from Marin County to Los Angeles and asked Yanny to pay him \$500 for his proposed help.

22. In July, 1991, Armstrong did travel to Los Angeles as he had agreed, stayed with Yanny on July 15 and July 16, 1991, and provided Yanny with paralegal assistance and a declaration for the Aznaran case.

23. Yanny is former counsel to CSI, and his substitution into the case was vacated by the Court sua sponte on July 24, 1991, the Court noting that Yanny's retention as the Aznarans' counsel was "highly prejudicial" to CSI.

24. Armstrong's acceptance of employment by Yanny to work

1 on the Aznarans' litigation is a direct violation of Paragraphs
2 7(G) and 10 of the Agreement.

3 25. As a direct and proximate result of Armstrong's breach
4 of the agreement by providing paralegal assistance to Yanny in
5 the Aznarans' litigation, plaintiff has incurred damages which
6 are not presently calculable. In no event, however, are they
7 less than the jurisdictional minimum of this Court. Consequently,
8 for this breach plaintiff seeks compensatory and consequential
9 damages according to proof.

10 SECOND CAUSE OF ACTION

11 (Against Armstrong for Breach of Contract)

12 26. Plaintiff realleges paragraphs 1-16, 18-25, inclusive,
13 and incorporates them herein by reference.

14 27. After Yanny entered his appearance in the Aznarans'
15 case and indicated to CSI's counsel that he represented Gerald
16 Armstrong as well, CSI brought suit against Yanny in the case of
17 Religious Technology Center, et al. v. Joseph A. Yanny, et al.,
18 Los Angeles Superior Court No. BC 033035 ("RTC v. Yanny"). In
19 that action, plaintiff sought and obtained a Temporary
20 Restraining Order and a Preliminary Injunction against Yanny,
21 which prohibit Yanny from aiding, advising, or representing,
22 directly or indirectly, the Aznarans or Armstrong, on any matters
23 relating to the plaintiff.

24 28. At the hearings before the Court on the temporary
25 restraining order and the injunction, Yanny filed two
26 declarations prepared and executed by Armstrong on July 16, 1991.
27 The declarations were offered by Yanny as part of Yanny's
28 defense, which was ultimately rejected by the Court when it

1 issued its injunction.

2 29. Armstrong's aid to Yanny in the RTC v. Yanny case is a
3 direct violation of Paragraphs 7(G) and 10 of the Agreement.

4 30. Armstrong attached as an exhibit to one of his July 16,
5 1991 declarations a copy of the Agreement, the terms of which he
6 had agreed, pursuant to paragraph 18(D), to keep confidential.
7 This disclosure of the terms of the Agreement is a violation of
8 its non-disclosure provisions, requiring that Armstrong pay to
9 CSI \$50,000 in liquidated damages.

10 31. Despite demand by plaintiff, Armstrong has failed and
11 refused to pay them the \$50,000 owed in liquidated damages for
12 this breach of the Agreement.

13 THIRD CAUSE OF ACTION

14 (Against All Defendants for Breach of Contract)

15 32. Plaintiff realleges paragraphs 1-16, 18-25, 27-31,
16 inclusive, and incorporates them herein by reference.

17 33. After Yanny's substitution into the Aznarans' case was
18 summarily vacated, Ford Greene was reinstated as the Aznarans'
19 counsel of record. Ford Greene's law offices are located in San
20 Anselmo, California.

21 34. On or about August, 1991, Armstrong began working in
22 Ford Greene's office as a paralegal on the Aznarans' case. When,
23 thereafter, the Aznarans hired attorney John Elstead to represent
24 them as well, Armstrong provided paralegal services to Elstead as
25 well as Greene. Armstrong's employment in Greene's office has
26 continued to the present. Armstrong's activities constitute a
27 daily and continuing breach of his contract, rendering
28 plaintiff's bargain a nullity.

1 35. Plaintiff CSI has already incurred, and continues to
2 incur, damages as a direct and proximate result of Armstrong's
3 provision of aid to Greene in the Aznarans' case. Those damages
4 are not presently calculable and will cease only when Armstrong
5 is ordered to stop his improper conduct. In no event, however,
6 are they less than the jurisdictional minimum of this Court.
7 Consequently, for this breach plaintiff seeks compensatory and
8 consequential damages according to proof.

9 FOURTH CAUSE OF ACTION

10 (Against All Defendants for Breach of Contract)

11 36. Plaintiff realleges paragraphs 1-16, 18-25, 27-31, 33-
12 35, inclusive, and incorporates them herein by reference.

13 37. In addition to the paralegal services which Armstrong
14 has provided to Ford Greene and John Elstead on the Aznarans'
15 litigation, Armstrong also provided the Aznarans with a
16 declaration, dated August 26, 1991, and filed in the Aznarans'
17 case. In that declaration, Armstrong describes some of his
18 alleged experiences with and concerning plaintiff, and purports
19 to authenticate copies of certain documents. These actions and
20 disclosures are violations of paragraphs 7(G), 7(H) and 10 of the
21 Agreement, requiring that Armstrong pay to CSI \$50,000 in
22 liquidated damages.

23 38. Despite demand by plaintiff, Armstrong has failed and
24 refused to comply with the liquidated damages provision by paying
25 \$50,000 to plaintiff as demanded for this breach of the
26 Agreement.

27 ///

28 ///

FIFTH CAUSE OF ACTION

(For Breach of Contract Against Armstrong)

39. Plaintiff realleges paragraphs 1-16, 18-25, 27-31, 33-35, and 37-38, inclusive, and incorporates them hereby reference.

40. On or about March 19, 1992, Armstrong, acting through Ford Greene as his agent, transmitted a press release to various members of the media, including the Cable News Network, San Francisco Chronicle, San Francisco Examiner, and the Marin County Independent Journal. A true and correct copy of the press release is attached hereto as Exhibit B. Said press release violated the Agreement in that it constituted disclosures by Armstrong, through Ford Greene as his agent, of his experiences with Scientology as prohibited by paragraph 2. The following are the excerpts from the press release which violate paragraph 2:

- a) "Can the Scientology organization purchase the free speech rights of Gerald Armstrong-the former in-house biographer researcher/archivist of cult leader, L. Ron Hubbard..."
- b) "A former high-ranking Scientologist for 12 years, Armstrong split with the group when it insisted he continue lying about the accomplishments Hubbard claimed to the public at large."
- c) "For years Scientology has treated Armstrong as a 'suppressive person' who was 'fair game.'"
- d) "Armstrong is resisting Scientology's high-powered attack in an effort to affirm his right to free speech to maintain vigilance for the truth."
- e) "(Scientology is) fabricating false scenarios in other court proceedings that Armstrong was an agent of the IRS out to destroy it."

41. In addition, the press release devotes an entire paragraph to a description of the lawsuit resulting from the Settlement Agreement and to a description of the Settlement Agreement itself:

1 "After Armstrong beat Scientology's lawsuit
2 against him in 1984, he was poised to
3 prosecute his own claims. For millions of
4 dollars, however, in 1986 Scientology settled
5 with he and over 17 other Scientology
6 knowledgeable individuals on the condition
7 that those persons would forever keep silent,
8 avoid giving sworn testimony by evading
9 subpoenas, and never aid or assist anyone
10 adverse to Scientology."

11 The distribution of the press release violated the provisions of
12 paragraphs 7(D) and 18 of the Agreement.

13 42. By reason of the foregoing breach by Armstrong,
14 plaintiff is entitled to \$50,000 in liquidated damages and
15 compensatory damages not presently known but believed to be in
16 excess of the jurisdictional minimum of this Court.

17 SIXTH CAUSE OF ACTION

18 (For Breach of Contract by Armstrong)

19 43. Plaintiff realleges paragraphs 1-16, 18-25, 27-31, 33-
20 35, 37-38, and 40-42, inclusive, and incorporates them hereby by
21 reference.

22 44. On or about March 19 and 20, 1992, Armstrong and
23 Greene, acting as Armstrong's agent, granted the media additional
24 interviews, which also violated paragraph 2 of the Agreement.
25 During the course of his interview with the Cable News Network,
26 for example, Armstrong stated, "I'm an expert in the
27 misrepresentations Hubbard has made about himself from the
28 beginning of Dianetics until the day he died." Attached hereto
and incorporated herein by reference as Exhibit C is a true and
correct transcription of the CNN broadcast which featured this
statement made voluntarily by Armstrong in a media interview.

45. By reason of the foregoing breach of the Agreement,
plaintiff is entitled to \$50,000 in liquidated damages.

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1 knowledge and information which he claimed to have concerning
2 plaintiff and other Scientology affiliated entities and
3 individuals.

4 50. During his deposition on March 3, 1992, Armstrong
5 produced documents which he claimed to have reviewed in
6 preparation for his testimony, including documents referred to in
7 paragraph 46, supra, in violation of paragraph 7(D) of the
8 Agreement.

9 51. On or about March 12, 1992, Armstrong again appeared
10 for deposition in the Hunziker case. This time, Armstrong
11 claimed that he had been given a deposition subpoena not by the
12 deposing attorney, but by attorney Elstead, and that Elstead had
13 "filled out" the subpoena earlier that morning. Armstrong
14 refused to produce a copy of the alleged subpoena, which had not
15 been served on any of the parties to the case. In fact,
16 Armstrong himself requested that Elstead issue him a subpoena on
17 Sunday, March 8, 1992, after a temporary restraining order was
18 issued in this case. On March 8, 1992, Armstrong delivered
19 additional documents to Elstead, again in violation of paragraph
20 7(D) of the Agreement.

21 52. Plaintiff learned in April, 1992, through review of the
22 aforesaid deposition transcript, that since the signing of the
23 Agreement, Armstrong had "taken it upon [him]self" to reacquire
24 documents which he had previously returned to plaintiff "from
25 whatever source." He produced many of those documents
26 voluntarily, first to Elstead on March 8, 1992, and then to
27 opposing counsel during the March 12, 1992 deposition.

28 53. These actions and disclosures are violations of

1 Paragraphs 7(D), 7(G), 7(H) and 10 of the Agreement, requiring
2 that Armstrong pay to CSI \$250,000 in liquidated damages.

3 EIGHTH CAUSE OF ACTION

4 (Against Armstrong for Breach of Contract)

5 54. Plaintiff realleges paragraphs 1-16, 18-25, 27-31, 33-
6 35, 37-38, 40-42, 44-45, 47-52, inclusive, and incorporates them
7 herein by reference.

8 55. On or about April 7, 1992, while testifying in the
9 matter known as Church of Scientology v. Yanny, (No. BC 033035),
10 Armstrong made the Settlement Agreement sued upon herein an
11 exhibit to the deposition transcript. Said action was a breach
12 of paragraph 18(D) of the Agreement which prohibits disclosure of
13 the contents of the Agreement.

14 56. By reason of the foregoing breach of the Agreement,
15 Plaintiff is entitled to \$50,000 in liquidated damages, together
16 with compensatory damages in an amount not presently known to
17 plaintiff but believed to be in excess of the jurisdictional
18 minimum of this court.

19 NINTH CAUSE OF ACTION

20 (Against Armstrong for Beach of Contract)

21 57. Plaintiff realleges paragraphs 1-16, 18-25, 27-31, 33-
22 35, 37-38, 40-42, 44-45, 47-52, and 55, inclusive, and
23 incorporates them herein by reference.

24 58. In breach of the provision of paragraph 7(E) of the
25 Agreement, Armstrong failed to return a letter written by L. Ron
26 Hubbard to the Federal Bureau of Investigation in 1955 and an
27 internal communication known as "Technical Bulletin."

28 59. In breach of the provisions of paragraph 7(H) of the

1 Agreement, Armstrong gave a declaration in the Aznaran litigation
2 on August 26, 1991 in opposition to a motion to exclude expert
3 testimony.

4 60. Said declaration attached as exhibits the two documents
5 referred to in paragraph 58 above, in breach of the provisions of
6 Paragraph 7(D) of the Agreement.

7 61. By reason of the breaches by Armstrong in paragraphs
8 7(E) and 7(H) of the Agreement, plaintiff has been damaged in an
9 amount not presently known but believed to be in excess of the
10 jurisdictional minimum of this Court.

11 62. By reason of the breach by Armstrong of paragraph 7(D)
12 of the Agreement, plaintiff is entitled to liquidated damages in
13 the amount of \$50,000.

14 TENTH CAUSE OF ACTION

15 (Against Armstrong for Breach of Contract)

16 63. Plaintiff realleges paragraphs 1-16, 18-25, 27-31, 33-
17 35, 37-38, 40-42, 44-45, 47-52, 54-55 and 58-60, inclusive, and
18 incorporates them herein by reference.

19 64. Plaintiff learned in March, 1992, that during 1990 and
20 1991, Armstrong voluntarily provided aid and advice to Bent
21 Corydon and to Corydon's attorney, Toby Plevin, in the conduct of
22 litigation against plaintiff and affiliated entities in the case
23 of Bent Corydon v. Church of Scientology International, et al.,
24 Los Angeles Superior Court Case No. C 694401.

25 65. Armstrong's voluntary provision of aid to Plevin to
26 work on Corydon's litigation is a direct violation of paragraphs
27 7(G) and 10 of the Agreement.

28 66. As a direct and proximate result of Armstrong's breach

1 of the Agreement by providing voluntary assistance to Plevin in
2 Corydon's litigation, plaintiff has incurred damages which are
3 not presently calculable. In no event, however, are they less
4 than the jurisdictional minimum of this Court. Consequently, for
5 this breach plaintiff seeks compensatory and consequential
6 damages according to proof.

7 ELEVENTH CAUSE OF ACTION

8 (Against Armstrong for Breach of Contract)

9 67. Plaintiff realleges paragraphs 1-16, 18-25, 27-31, 33-
10 35, 37-38, 40-42, 44-45, 47-52, 54-55, 58-60, 64-65 inclusive,
11 and incorporates them herein by reference.

12 68. On May 27, 1992, after plaintiff's motion for
13 preliminary injunction in this matter had been argued, and while
14 a determination of that motion was still pending, Armstrong
15 voluntarily provided a declaration to Gary M. Bright and Jerold
16 Fagelbaum, attorneys for defendants David Mayo, Church of the New
17 Civilization, John Nelson, Harvey Haber, Vivien Zegel and Dede
18 Reisdorf in the consolidated cases of Religious Technology
19 Center, et al. v. Robin Scott, et al., and Religious Technology
20 Center, et al. v. Wollersheim, et al., United States District
21 Court for the Central District of California, Case Nos. CV 85-711
22 JMI (Bx) and CV 85-7197 JMI (Bx) (the "Scott case"). The
23 plaintiffs in the Scott case are plaintiff, Church of Scientology
24 International, Church of Scientology of California, and Religious
25 Technology Center, all entities specifically protected by the
26 Agreement.

27 69. In his May 27, 1992 declaration, Armstrong purports to
28 authenticate an earlier declaration which describes some of his

1 alleged experiences with and concerning plaintiff, as well as a
2 portion of a transcript which was ordered sealed in the earlier
3 action between plaintiff and defendant. These actions and
4 disclosures are violations of paragraphs 7(G), 7(H) and 10 of the
5 Agreement, requiring that Armstrong pay to CSI \$50,000 in
6 liquidated damages.

7 70. As a direct and proximate result of Armstrong's breach
8 of the Agreement by providing voluntary assistance to Bright and
9 Fagelbaum in the Scott case, plaintiff has incurred additional
10 damages which are not presently calculable. In no event,
11 however, are they less than the jurisdictional minimum of this
12 Court. Consequently, for this breach plaintiff also seeks
13 compensatory and consequential damages according to proof.

14 TWELFTH CAUSE OF ACTION

15 (Against All Defendants for Injunctive Relief)

16 71. Plaintiff realleges paragraphs 1-16, 18-25, 27-31, 33-
17 35, 37-38, 40-42, 44-45, 47-52, 54-55, 58-60, 64-65 and 68-69
18 inclusive, and incorporates them herein by reference.

19 72. As a direct and proximate result of Armstrong's breach
20 of the Agreement by providing assistance to Greene and Elstead in
21 the Aznarans' litigation, which breach is, on information and
22 belief, persistent and continuing, CSI is and will continue to be
23 irreparably harmed, and unless Armstrong and those acting in
24 concert with him are temporarily, preliminarily and permanently
25 enjoined from continuing that unlawful conduct, further
26 irreparable harm will be caused to CSI.

27 73. Further, as a direct and proximate result of
28 Armstrong's breach of the Agreement by providing assistance to

1 Yanny in Yanny's litigation, which breach is, on information and
2 belief, persistent and continuing, CSI is and will continue to be
3 irreparably harmed, and unless Armstrong and those acting in
4 concert with him are temporarily, preliminarily and permanently
5 enjoined from continuing that unlawful conduct, further
6 irreparable harm will be caused to CSI.

7 74. Further, as a direct and proximate result of
8 Armstrong's breach of the Agreement by providing assistance to
9 Elstead and Rummond in the Hunziker litigation, which breach is,
10 on information and belief, persistent and continuing, CSI is and
11 will continue to be irreparably harmed, and unless Armstrong and
12 those acting in concert with him are temporarily, preliminarily
13 and permanently enjoined from continuing that unlawful conduct,
14 further irreparable harm will be caused to CSI.

15 75. Further, as a direct and proximate result of
16 Armstrong's breach of the Agreement by providing assistance to
17 Fagelbaum and Bright in the Scott litigation, which breach is, on
18 information and belief, persistent and continuing, CSI is and
19 will continue to be irreparably harmed, and unless Armstrong and
20 those acting in concert with him are temporarily, preliminarily
21 and permanently enjoined from continuing that unlawful conduct,
22 further irreparable harm will be caused to CSI.

23 WHEREFORE, plaintiff prays for judgment as follows:

24 ON THE FIRST CAUSE OF ACTION

25 1. For compensatory and consequential damages according to
26 proof.

27 2. For attorneys' fees and costs of suit.

28 ///

ON THE SECOND CAUSE OF ACTION

1. For liquidated damages in the amount of \$50,000.
2. For attorneys' fees and costs of suit.

ON THE THIRD CAUSE OF ACTION

1. For compensatory and consequential damages according to proof.
2. For attorneys' fees and costs of suit.

ON THE FOURTH CAUSE OF ACTION

1. For liquidated damages in the amount of \$50,000.
2. For attorneys' fees and costs of suit.

ON THE FIFTH CAUSE OF ACTION

1. For liquidated damages in the amount of \$50,000.
2. For compensatory and consequential damages according to proof.
3. For attorneys' fees and costs of suit.

ON THE SIXTH CAUSE OF ACTION

1. For liquidated damages in the amount of \$50,000.
2. For attorney's fees and costs of suit.

ON THE SEVENTH CAUSE OF ACTION

1. For liquidated damages in the amount of \$250,000.
2. For attorneys' fees and costs of suit.

ON THE EIGHTH CAUSE OF ACTION

1. For liquidated damages in the amount of \$50,000.
2. For attorneys' fees and costs of suit.

ON THE NINTH CAUSE OF ACTION

1. For compensatory and consequential damages according to proof.
2. For liquidated damages in the sum of \$50,000.

3. For attorney's fees and costs of suit.

ON THE TENTH CAUSE OF ACTION

1. For compensatory and consequential damages according to proof.

2. For attorneys' fees and costs of suit.

ON THE ELEVENTH CAUSE OF ACTION

1. For compensatory and consequential damages according to proof.

2. For liquidated damages in the sum of \$50,000.

3. For attorney's fees and costs of suit.

ON THE TWELFTH CAUSE OF ACTION

1. For a preliminary and permanent injunction prohibiting and restraining all defendants, including Armstrong, from violating any of the provisions of the Agreement, including the provisions of paragraphs 7(D), 7(E), 7(G), 7(H) and 18(D).

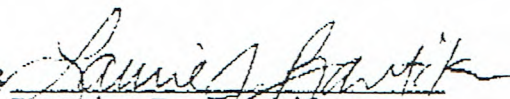
ON ALL CAUSES OF ACTION

1. For such other and further relief as the Court may deem just and proper.

DATED: June 4, 1992

BOWLES & MOXON

By:


Laurie J. Bartilson

Andrew H. Wilson
WILSON, RYAN & CAMPILONGO

Attorneys for Plaintiff
CHURCH OF SCIENTOLOGY
INTERNATIONAL

MUTUAL RELEASE OF ALL CLAIMS AND SETTLEMENT AGREEMENT

1. This Mutual Release of All Claims and Settlement Agreement is made between Church of Scientology International (hereinafter "CSI") and Gerald Armstrong, (hereinafter "Plaintiff") Cross-Complainant in Gerald Armstrong v. Church of Scientology of California, Los Angeles Superior Court, Case No. 420 153. By this Agreement, Plaintiff hereby specifically waives and releases all claims he has or may have from the beginning of time to and including this date, including all causes of action of every kind and nature, known or unknown for acts and/or omissions against the officers, agents, representatives, employees, volunteers, directors, successors, assigns and legal counsel of CSI as well as the Church of Scientology of California, its officers, agents, representatives, employees, volunteers, directors, successors, assigns and legal counsel; Religious Technology Center, its officers, agents, representatives, employees, volunteers, directors, successors, assigns and legal counsel; all Scientology and Scientology affiliated organizations and entities and their officers, agents, representatives, employees, volunteers, directors, successors, assigns and legal counsel; Author Services, Inc., its officers, agents, representatives, employees, volunteers, directors, successors, assigns and legal counsel; L. Ron Hubbard, his heirs, beneficiaries, Estate and its executor; Author's Family Trust, its beneficiaries and its trustee; and Mary Sue Hubbard, (all hereinafter collectively referred to as the

"Releasees"). The parties to this Agreement hereby agree as follows:

2. It is understood that this settlement is a compromise of doubtful and disputed claims, and that any payment is not to be construed, and is not intended, as an admission of liability on the part of any party to this Agreement, specifically, the Releasees, by whom liability has been and continues to be expressly denied. In executing this settlement Agreement, Plaintiff acknowledges that he has released the organizations, individuals and entities listed in the above paragraph, in addition to those defendants actually named in the above lawsuit, because among other reasons, they are third party beneficiaries of this Agreement.

3. Plaintiff has received payment of a certain monetary sum which is a portion of a total sum of money paid to his attorney, Michael J. Flynn. The total sum paid to Mr. Flynn is to settle all of the claims of Mr. Flynn's clients. Plaintiff's portion of said sum has been mutually agreed upon by Plaintiff and Michael J. Flynn. Plaintiff's signature below this paragraph acknowledges that Plaintiff is completely satisfied with the monetary consideration negotiated with and received by Michael J. Flynn. Plaintiff acknowledges that there has been a block settlement between Plaintiff's attorney, Michael J. Flynn, and the Church of Scientology and Churches and entities related to the Church of Scientology, concerning all of Mr. Flynn's clients who were in litigation with any Church of Scientology or related entity. Plaintiff has received a portion of this block.

amount, the receipt of which he hereby acknowledges. Plaintiff understands that this amount is only a portion of the block settlement amount. The exact settlement sum received by Plaintiff is known only to Plaintiff and his attorney, Michael J. Flynn, and it is their wish that this remain so and that this amount remain confidential.



Signature line for Gerald Armstrong

4. For and in consideration of the above described consideration, the mutual covenants, conditions and release contained herein, Plaintiff does hereby release, acquit and forever discharge, for himself, his heirs, successors, executors, administrators and assigns, the Releasees, including Church of Scientology of California, Church of Scientology International, Religious Technology Center, all Scientology and Scientology affiliated organizations and entities, Author Services, Inc. (and for each organization or entity, its officers, agents, representatives, employees, volunteers, directors, successors, assigns and legal counsel); L. Ron Hubbard, his heirs, beneficiaries, Estate and its executor; Author's Family Trust, its beneficiaries and trustee; and Mary Sue Hubbard, and each of them, of and from any and all claims, including, but not limited to, any claims or causes of action entitled Gerald Armstrong v. Church of Scientology of California, Los Angeles Superior Court, Case No. 420 153 and all demands, damages, actions and causes of actions of every kind and nature, known or unknown,

for or because of any act or omission allegedly done by the Releasees, from the beginning of time to and including the date hereof. Therefore, Plaintiff does hereby authorize and direct his counsel to dismiss with prejudice his claims now pending in the above referenced action. The parties hereto will execute and cause to be filed a joint stipulation of dismissal in the form of the one attached hereto as Exhibit "A".

A. It is expressly understood by Plaintiff that this release and all of the terms thereof do not apply to the action brought by the Church of Scientology against Plaintiff for Conversion, Fraud and other causes of action, which action has already gone to trial and is presently pending before the Second District, Third Division of the California Appellate Court (Appeal No. B005912). The disposition of those claims are controlled by the provisions of the following paragraph hereinafter.

B. As of the date this settlement Agreement is executed, there is currently an appeal pending before the California Court of Appeal, Second Appellate District, Division 3, arising out of the above referenced action delineated as Appeal No. B005912. It is understood that this appeal arises out of the Church of Scientology's complaint against Plaintiff which is not settled herein. This appeal shall be maintained notwithstanding this Agreement. Plaintiff agrees to waive any rights he may have to take any further appeals from any decision eventually reached by the Court of Appeal or any rights he may have to oppose (by responding brief or any other means) any further appeals taken by the Church of

Scientology of California. The Church of Scientology of California shall have the right to file any further appeals it deems necessary.

5. For and in consideration of the mutual covenants, conditions and release contained herein, and Plaintiff dismissing with prejudice the action Gerald Armstrong v. Church of Scientology of California, Los Angeles Superior Court, Case No. 420 153, the Church of Scientology of California does hereby release, acquit and forever discharge for itself, successors and assigns, Gerald Armstrong, his agents, representatives, heirs, successors, assigns, legal counsel and estate and each of them, of and from any and all claims, causes of action, demands, damages and actions of every kind and nature, known or unknown, for or because of any act or omission allegedly done by Gerald Armstrong from the beginning of time to and including the date hereof.

6. In executing this Agreement, the parties hereto, and each of them, agree to and do hereby waive and relinquish all rights and benefits afforded under the provisions of Section 1542 of the Civil Code of the State of California, which provides as follows:

"A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor."

7. Further, the undersigned hereby agree to the following:

A. The liability for all claims is expressly denied by the parties herein released, and this final compromise and

settlement thereof shall never be treated as an admission of liability or responsibility at any time for any purpose.

B. Plaintiff has been fully advised and understands that the alleged injuries sustained by him are of such character that the full extent and type of injuries may not be known at the date hereof, and it is further understood that said alleged injuries, whether known or unknown at the date hereof, might possibly become progressively worse and that as a result, further damages may be sustained by Plaintiff; nevertheless, Plaintiff desires by this document to forever and fully release the Releasees. Plaintiff understands that by the execution of this release no further claims arising out of his experience with, or actions by, the Releasees, from the beginning of time to and including the date hereof, which may now exist or which may exist in the future may ever be asserted by him or on his behalf, against the Releasees.

C. Plaintiff agrees to assume responsibility for the payment of any attorney fee, lien or liens, imposed against him past, present, or future, known or unknown, by any person, firm, corporation or governmental entity or agency as a result of, or growing out of any of the matters referred to in this release. Plaintiff further agrees to hold harmless the parties herein released, and each of them, of and from any liability arising therefrom.

D. Plaintiff agrees never to create or publish or attempt to publish, and/or assist another to create for publication by means of magazine, article, book or other

similar form, any writing or to broadcast or to assist another to create, write, film or video tape or audio tape any show, program or movie, or to grant interviews or discuss with others, concerning their experiences with the Church of Scientology, or concerning their personal or indirectly acquired knowledge or information concerning the Church of Scientology, L. Ron Hubbard or any of the organizations, individuals and entities listed in Paragraph 1 above. Plaintiff further agrees that he will maintain strict confidentiality and silence with respect to his experiences with the Church of Scientology and any knowledge or information he may have concerning the Church of Scientology, L. Ron Hubbard, or any of the organizations, individuals and entities listed in Paragraph 1 above. Plaintiff expressly understands that the non-disclosure provisions of this subparagraph shall apply, inter alia, but not be limited, to the contents or substance of his complaint on file in the action referred to in Paragraph 1 hereinabove or any documents as defined in Appendix "A" to this Agreement, including but not limited to any tapes, films, photographs, recastings, variations or copies of any such materials which concern or relate to the religion of Scientology, L. Ron Hubbard, or any of the organizations, individuals, or entities listed in Paragraph 1 above. The attorneys for Plaintiff, subject to the ethical limitations restraining them as promulgated by the state or federal regulatory associations or agencies, agree not to disclose any of the terms and conditions of the settlement negotiations, amount of the

settlement, or statements made by either party during settlement conferences. Plaintiff agrees that if the terms of this paragraph are breached by him, that CSI and the other Releasees would be entitled to liquidated damages in the amount of \$50,000 for each such breach. All monies received to induce or in payment for a breach of this Agreement, or any part thereof, shall be held in a constructive trust pending the outcome of any litigation over said breach. The amount of liquidated damages herein is an estimate of the damages that each party would suffer in the event this Agreement is breached. The reasonableness of the amount of such damages are hereto acknowledged by Plaintiff.

E. With exception to the items specified in Paragraph 7(L), Plaintiff agrees to return to the Church of Scientology International at the time of the consummation of this Agreement, all materials in his possession, custody or control (or within the possession, custody or control of his attorney, as well as third parties who are in possession of the described documents), of any nature, including originals and all copies or summaries of documents defined in Appendix "A" to this Agreement, including but not limited to any tapes, computer disks, films, photographs, recastings, variations or copies of any such materials which concern or relate to the religion of Scientology, L. Ron Hubbard or any of the organizations, individuals or entities listed in Paragraph 1 above, all evidence of any nature, including evidence obtained from the named defendants through discovery, acquired for the purposes of this lawsuit or any lawsuit, or acquired for any other purpose

concerning any Church of Scientology, any financial or administrative materials concerning any Church of Scientology, and any materials relating personally to L. Ron Hubbard, his family, or his estate. In addition to the documents and other items to be returned to the Church of Scientology International listed above and in Appendix "A", Plaintiff agrees to return the following:

(a) All originals and copies of the manuscript for the work "Excalibur" written by L. Ron Hubbard;

(b) All originals and copies of documents commonly known as the "Affirmations" written by L. Ron Hubbard; and

(c) All documents and other items surrendered to the Court by Plaintiff and his attorneys pursuant to Judge Cole's orders of August 24, 1982 and September 4, 1982 and all documents and other items taken by the Plaintiff from either the Church of Scientology or Omar Garrison. This includes all documents and items entered into evidence or marked for identification in Church of Scientology of California v. Gerald Armstrong, Case No. C 420 153. Plaintiff and his attorney will execute a Joint Stipulation or such other documents as are necessary to obtain these documents from the Court. In the event any documents or other items are no longer in the custody or control of the Los Angeles Superior Court, Plaintiff and his counsel will assist the Church in recovering these documents as quickly as possible, including but not limited to those tapes and other documents now in the possession of the United States District Court in the case of United States v. Zolin, Case No. CV

85-0440-HLH(Tx), presently on appeal in the Ninth Circuit Court of Appeals. In the event any of these documents are currently lodged with the Court of Appeal, Plaintiff and his attorneys will cooperate in recovering those documents as soon as the Court of Appeal issues a decision on the pending appeal.

To the extent that Plaintiff does not possess or control documents within categories A-C above, Plaintiff recognizes his continuing duty to return to CSI any and all documents that fall within categories A-C above which do in the future come into his possession or control.

F. Plaintiff agrees that he will never again seek or obtain spiritual counselling or training or any other service from any Church of Scientology, Scientologist, Dianetics or Scientology auditor, Scientology minister, Mission of Scientology, Scientology organization or Scientology affiliated organization.

G. Plaintiff agrees that he will not voluntarily assist or cooperate with any person adverse to Scientology in any proceeding against any of the Scientology organizations, individuals, or entities listed in Paragraph 1 above. Plaintiff also agrees that he will not cooperate in any manner with any organizations aligned against Scientology.

H. Plaintiff agrees not to testify or otherwise participate in any other judicial, administrative or legislative proceeding adverse to Scientology or any of the Scientology Churches, individuals or entities listed in Paragraph 1 above unless compelled to do so by lawful subpoena or other lawful process. Plaintiff shall not make

himself amenable to service of any such subpoena in a manner which invalidates the intent of this provision. Unless required to do so by such subpoena, Plaintiff agrees not to discuss this litigation or his experiences with and knowledge of the Church with anyone other than members of his immediate family. As provided hereinafter in Paragraph 18(d), the contents of this Agreement may not be disclosed.

I. The parties hereto agree that in the event of any future litigation between Plaintiff and any of the organizations, individuals or entities listed in Paragraph 1 above, that any past action or activity, either alleged in this lawsuit or activity similar in fact to the evidence that was developed during the course of this lawsuit, will not be used by either party against the other in any future litigation. In other words, the "slate" is wiped clean concerning past actions by any party.

J. It is expressly understood and agreed by Plaintiff that any dispute between Plaintiff and his counsel as to the proper division of the sum paid to Plaintiff by his attorney of record is between Plaintiff and his attorney of record and shall in no way affect the validity of this Mutual Release of All Claims and Settlement Agreement.

K. Plaintiff hereby acknowledges and affirms that he is not under the influence of any drug, narcotic, alcohol or other mind-influencing substance, condition or ailment such that his ability to fully understand the meaning of this Agreement and the significance thereof is adversely affected.

L. Notwithstanding the provisions of Paragraph 7(E) above, Plaintiff shall be entitled to retain any artwork created by him which concerns or relates to the religion of Scientology, L. Ron Hubbard or any of the organizations, individuals or entities listed in Paragraph 1 above provided that such artwork never be disclosed either directly or indirectly, to anyone. In the event of a disclosure in breach of this Paragraph 7(L), Plaintiff shall be subject to the liquidated damages and constructive trust provisions of Paragraph 7(D) for each such breach.

8. Plaintiff further agrees that he waives and relinquishes any right or claim arising out of the conduct of any defendant in this case to date, including any of the organizations, individuals or entities as set forth in Paragraph 1 above, and the named defendants waive and relinquish any right or claim arising out of the conduct of Plaintiff to date.

9. This Mutual Release of All Claims and Settlement Agreement contains the entire agreement between the parties hereto, and the terms of this Agreement are contractual and not a mere recital. This Agreement may be amended only by a written instrument executed by Plaintiff and CSI. The parties hereto have carefully read and understand the contents of this Mutual Release of All Claims and Settlement Agreement and sign the same of their own free will, and it is the intention of the parties to be legally bound hereby. No other prior or contemporaneous agreements, oral or written, respecting such matters, which are not specifically

incorporated herein shall be deemed to in any way exist or bind any of the parties hereto.

10. Plaintiff agrees that he will not assist or advise anyone, including individuals, partnerships, associations, corporations, or governmental agencies contemplating any claim or engaged in litigation or involved in or contemplating any activity adverse to the interests of any entity or class of persons listed above in Paragraph 1 of this Agreement.

11. The parties to this Agreement acknowledge the following:

A. That all parties enter into this Agreement freely, voluntarily, knowingly and willingly, without any threats, intimidation or pressure of any kind whatsoever and voluntarily execute this Agreement of their own free will;

B. That all parties have conducted sufficient deliberation and investigation, either personally or through other sources of their own choosing, and have obtained advice of counsel regarding the terms and conditions set forth herein, so that they may intelligently exercise their own judgment in deciding whether or not to execute this Agreement; and

C. That all parties have carefully read this Agreement and understand the contents thereof and that each reference in this Agreement to any party includes successors, assigns, principals, agents and employees thereof.

12. Each party shall bear its respective costs with respect to the negotiation and drafting of this Agreement and

all acts required by the terms hereof to be undertaken and performed by that party.

13. To the extent that this Agreement inures to the benefit of persons or entities not signatories hereto, this Agreement is hereby declared to be made for their respective benefits and uses.

14. The parties shall execute and deliver all documents and perform all further acts that may be reasonably necessary to effectuate the provisions of this Agreement.

15. This Agreement shall not be construed against the party preparing it, but shall be construed as if both parties prepared this Agreement. This Agreement shall be construed and enforced in accordance with the laws of the State of California.

16. In the event any provision hereof be unenforceable, such provision shall not affect the enforceability of any other provision hereof.

17. All references to the plural shall include the singular and all references to the singular shall include the plural. All references to gender shall include both the masculine and feminine.

18.(A) Each party warrants that they have received independent legal advice from their attorneys with respect to the advisability of making the settlement provided for herein and in executing this Agreement.

(B) The parties hereto (including any officer, agent, employee, representative or attorney of or for any party) acknowledge that they have not made any statement,

representation or promise to the other party regarding any fact material to this Agreement except as expressly set forth herein. Furthermore, except as expressly stated in this Agreement, the parties in executing this Agreement do not rely upon any statement, representation or promise by the other party (or of any officer, agent, employee, representative or attorney for the other party).

(C) The persons signing this Agreement have the full right and authority to enter into this Agreement on behalf of the parties for whom they are signing.

(D) The parties hereto and their respective attorneys each agree not to disclose the contents of this executed Agreement. Nothing herein shall be construed to prevent any party hereto or his respective attorney from stating that this civil action has been settled in its entirety.

(E) The parties further agree to forbear and refrain from doing any act or exercising any right, whether existing now or in the future, which act or exercise is inconsistent with this Agreement.

19. Plaintiff has been fully advised by his counsel as to the contents of this document and each provision hereof. Plaintiff hereby authorizes and directs his counsel to dismiss with prejudice his claims now pending in the action entitled Gerald Armstrong v. Church of Scientology of California, Los Angeles Superior Court, Case No. 420 153.

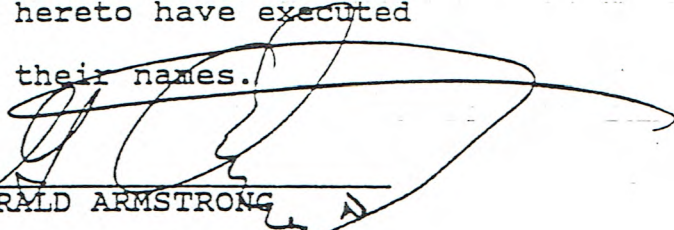
20. Notwithstanding the dismissal of the lawsuit pursuant to Paragraph 4 of this Agreement, the parties hereto agree that the Los Angeles Superior Court shall retain

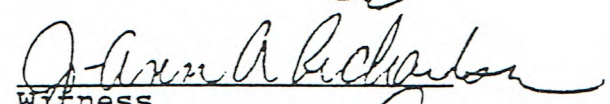
jurisdiction to enforce the terms of this Agreement. This Agreement may be enforced by any legal or equitable remedy, including but not limited to injunctive relief or declaratory judgment where appropriate. In the event any party to this Agreement institutes any action to preserve, to protect or to enforce any right or benefit created hereunder, the prevailing party in any such action shall be entitled to the costs of suit and reasonable attorney's fees.

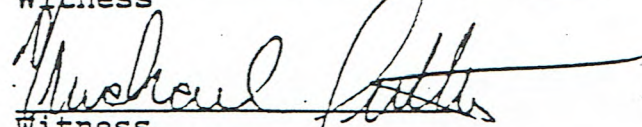
21. This Agreement may be executed in two or more counterparts, each of which shall be deemed to be a duplicate original, but all of which, together, shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement, on the date opposite their names.

Dated: December 6, 1986

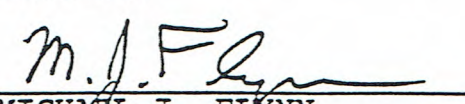

GERALD ARMSTRONG


Witness

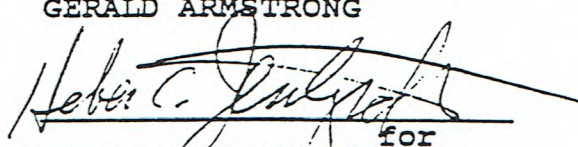

Witness

Dated: 12/6/86

APPROVED AS TO FORM AND
CONTENT:


MICHAEL J. FLYNN
Attorney for
GERALD ARMSTRONG

Dated: December 11, 1986


for
CHURCH OF SCIENTOLOGY
INTERNATIONAL

1 Andrew H. Wilson
2 WILSON, RYAN & CAMPILONGO
3 235 Montgomery Street
4 Suite 450
5 San Francisco, California 94104
6 (415) 391-3900

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10 Suite 2000
11 Hollywood, California 90028
12 (213) 953-3360

13 Attorneys for Plaintiff
14 CHURCH OF SCIENTOLOGY INTERNATIONAL
15

ORIGINAL FILED

JUL 8 1993

LOS ANGELES
SUPERIOR COURT

served on
Ho 7-30-93

16 SUPERIOR COURT OF THE STATE OF CALIFORNIA

17 FOR THE COUNTY OF LOS ANGELES

18 CHURCH OF SCIENTOLOGY)
19 INTERNATIONAL, a California)
20 not-for-profit religious)
21 corporation;)

22 Plaintiff,

23 vs.

24 GERALD ARMSTRONG; THE GERALD)
25 ARMSTRONG CORPORATION, a)
26 California corporation; DOES)
27 1-25 INCLUSIVE)

28 Defendants.)

Case No. BC

VERIFIED COMPLAINT

FOR DAMAGES AND FOR

PRELIMINARY AND PERMANENT

INJUNCTIVE RELIEF FOR

BREACH OF CONTRACT

BC084642
24948038

29 Plaintiff, by its attorneys, Wilson, Ryan & Campilongo and
30 Bowles & Moxon, for its Complaint, alleges:

NATURE OF THE ACTION

31 1. In violation of the express terms and spirit of a
32 settlement agreement ("the Agreement") entered into in December,
33 1986, defendant Gerald Armstrong ("Armstrong") has embarked on a
34 deliberate campaign designed to aid plaintiff's litigation
35 adversaries, breach the confidentiality provisions of the

1 Agreement, and foment litigation, hatred and ill-will toward
2 plaintiff.

3 2. Six years ago, plaintiff Church of Scientology
4 International ("CSI") entered into the Agreement with Armstrong,
5 on its own behalf and for the benefit of numerous third-party
6 beneficiaries. The Agreement provided for a mutual release and
7 waiver of all claims arising out of a cross-complaint which
8 defendant Armstrong had filed in the case of Church of
9 Scientology of California v. Gerald Armstrong, Los Angeles
10 Superior Court No. C 420153. Armstrong, a former Church member
11 who sought, by both litigation and covert means, to disrupt the
12 activities of his former faith, displayed through the years an
13 intense and abiding hatred for the Church, and an eagerness to
14 annoy and harass his former co-religionists by spreading enmity
15 and hatred among members and former members. Plaintiff sought,
16 with the Agreement, to end all of Armstrong's covert activities
17 against it, along with the litigation itself. For that reason,
18 the Agreement contained carefully negotiated and agreed-upon
19 confidentiality provisions and provisions prohibiting Armstrong
20 from fomenting litigation against plaintiff by third parties.
21 These provisions were bargained for by plaintiff to put an end to
22 the enmity and strife generated by Mr. Armstrong once and for
23 all.

24 3. This action arises out of deliberate and repeated
25 breaches by Armstrong of these and other express provisions of
26 the Agreement. Although plaintiff fully performed all of its
27 obligations under the Agreement, Armstrong never intended to keep
28 his part of the bargain and maintains that he considered the

1 referenced provisions to be unenforceable ab initio. Some of
2 Armstrong's deliberate breaches of the Agreement became the
3 subject of a case currently pending before this Court, Church of
4 Scientology International v. Gerald Armstrong et al., Case No. BC
5 052395 ("the earlier action"). Despite the pendency of that
6 action, and despite plaintiff's repeated demands that Armstrong
7 end his constant and repeated breach of the provisions of the
8 Agreement, Armstrong appears to delight in renewing his annoying
9 and harassing activities, admitting to them in sworn depositions
10 and refusing to end his improper associations. This Complaint
11 addresses Armstrong's breaches since June, 1992, when the Amended
12 Complaint was filed in the earlier action.

13 4. With this Complaint, plaintiff seeks the Court's aid in
14 obtaining the peace for which it bargained more than five years
15 ago. Plaintiff requests liquidated damages pursuant to the terms
16 of the Agreement from Armstrong and his sham corporate alter ego,
17 the Gerald Armstrong Corporation ("GAC"), as well as injunctive
18 relief to prevent additional and future breaches of the Agreement
19 by Armstrong.

20 THE PARTIES

21 5. Plaintiff Church of Scientology International is a non-
22 profit religious corporation incorporated under the laws of the
23 State of California, having its principal offices in Los Angeles,
24 California. Plaintiff CSI is the Mother Church of the
25 Scientology religion.

26 6. Defendant Gerald Armstrong is a resident of Marin
27 County, California.

28 7. Defendant Gerald Armstrong Corporation is a corporation

1 incorporated under the laws of the State of California, having
2 its principal offices in San Anselmo, California.

3 8. Plaintiff is ignorant of the names and capacities of
4 the defendants identified as DOES 1 through 25, inclusive, and
5 thus brings suit against those defendants by their true names
6 upon the ascertainment of their true names and capacities, and
7 their responsibility for the conduct alleged herein.

8 9. Defendant Armstrong is the principal shareholder in GAC
9 and its sole employee, and has been since the incorporation of
10 GAC in 1987.

11 10. Defendant GAC is, and at all times since its
12 incorporation was, the alter ego of defendant Armstrong and there
13 exists, and at all times since GAC's incorporation has existed, a
14 unity of interest and ownership between these two defendants such
15 that any separateness between them has ceased to exist, in that
16 defendant Armstrong caused his own personal assets to be
17 transferred to GAC without adequate consideration, in order to
18 evade payment of his lawful obligations, and defendant Armstrong
19 has completely controlled, dominated, managed and operated GAC
20 since its incorporation for his own personal benefit. -

21 11. Defendant GAC is, and at all times herein mentioned
22 was, a mere shell, instrumentality and conduit through which
23 defendant Armstrong carried on his activities in the corporate
24 name exactly as he conducted it previous to GAC's incorporation,
25 exercising such complete control and dominance of such activities
26 to such an extent that any individuality or separateness of
27 defendant GAC and defendant Armstrong does not, and at all
28 relevant times mentioned herein did not, exist.

12. Adherence to the fiction of the separate existence of defendant GAC as an entity distinct from defendant Armstrong would permit an abuse of the corporate privilege and would sanction fraud, in that Armstrong transferred his material assets to GAC in 1988, prior to embarking on the campaign of harassment described herein, and with the intention of preventing plaintiff from obtaining monetary relief from Armstrong pursuant to the liquidated damages clause. GAC exists solely so that Armstrong may be "judgment proof."

THE CONTRACT

13. On or about December 6, 1986, CSI and Armstrong entered into a written confidential settlement Agreement, a true and correct copy of which is attached hereto as Exhibit A, and incorporated herein by reference.

14. The Agreement was entered into by plaintiff and defendant Armstrong, with the participation of their respective counsel after full negotiation. Each provision of the Agreement was carefully framed by the parties and their counsel to accurately reflect the agreement of the parties.

15. Plaintiff specifically negotiated for and obtained from Armstrong the provisions in the Agreement delineated in paragraphs 7(D), 7(H), 7(G), 10 and paragraphs 12 through 18, because it was well aware, through investigation, that Armstrong had undertaken a series of covert activities, apart from the litigation, which were intended by Armstrong to discredit Church leaders, spark government raids into the Churches, create phony "evidence" of wrongdoing against the Churches, and, ultimately, destroy the Churches and their leadership.

1 16. Contemporaneously with the signing of the Agreement,
2 Armstrong represented that he understood the Agreement's
3 provisions and was acting of his own free will and not under
4 duress.

5 17. The Agreement also provided that plaintiff CSI would
6 pay to Armstrong's attorney, Michael Flynn, a lump sum amount
7 intended to settle not just Armstrong's case, but the cases of
8 other clients of Mr. Flynn as well, and that Mr. Flynn would pay
9 to Armstrong a portion of that settlement amount. The exact
10 amount of the portion to be paid to Armstrong by Mr. Flynn was
11 maintained as confidential between Mr. Flynn and Armstrong.

12 18. CSI paid to Mr. Flynn the lump sum settlement amount.

13 19. Mr. Flynn paid to Armstrong his confidential portion of
14 the lump sum settlement amount, which was at least \$520,000,
15 after expenses.

16 20. The consideration paid to Armstrong was fair,
17 reasonable and adequate. Plaintiff CSI has performed all of its
18 obligations pursuant to the Agreement.

19 FIRST CAUSE OF ACTION

20 (Against All Defendants for Breach of Contract) -

21 21. Plaintiff realleges paragraphs 1 - 20, inclusive, and
22 incorporates them herein by reference.

23 22. In August, 1991, Armstrong accepted employment as a
24 paralegal from San Anselmo attorney Ford Greene. Mr. Greene's
25 practice consists substantially of pressing claims by former
26 Scientologists against the plaintiff and other individuals and
27 entities identified in paragraph 7 as beneficiaries of the
28 Agreement (collectively, "the Beneficiaries").

1 23. Among Mr. Greene's clients who are pressing claims
2 against one or more of the Beneficiaries are Ed Roberts and
3 Denise Cantin.

4 24. While working in Mr. Greene's office, Armstrong
5 provided substantial paralegal assistance to Mr. Greene in the Ed
6 Roberts and Denise Cantin matters. In the case of Roberts, for
7 example, Armstrong went to Colorado and interviewed Roberts in
8 November, 1991, and has interviewed him at least seven times
9 since then. In December, 1992, Armstrong even made a settlement
10 demand to plaintiff's counsel on behalf of Roberts, without
11 bothering to go through Roberts' attorney, Mr. Greene.

12 25. Armstrong's employment by Greene to work on the Roberts
13 and Cantin matters is a direct violation of Paragraphs 7(G) and
14 10 of the Agreement.

15 26. As a direct and proximate result of Armstrong's breach
16 of the agreement by providing paralegal assistance to Greene on
17 the Roberts and Cantin matters, plaintiff has incurred damages
18 which are not presently calculable. In no event, however, are
19 they less than the jurisdictional minimum of this Court.
20 Consequently, for this breach plaintiff seeks compensatory and
21 consequential damages according to proof.

22 SECOND CAUSE OF ACTION

23 (For Breach of Contract Against All Defendants)

24 27. Plaintiff realleges paragraphs 1-20 and 22-25,
25 inclusive, and incorporates them herein by reference.

26 28. In or about November, 1992, in Los Angeles, California,
27 Armstrong attended a convention of the Cult Awareness Network, an
28 anti-religious group whose members advocate the kidnapping and

1 "deprogramming" of persons belonging to groups which they label
2 "cults." While at the convention, Armstrong provided a lengthy
3 videotaped interview to deprogramming specialist Jerry Whitfield.
4 A true and correct copy of the transcript of the videotape is
5 attached hereto as Exhibit B. Said videotaped interview violates
6 the Agreement in that it purportedly contains disclosures by
7 Armstrong of his claimed experiences with Scientology as
8 prohibited by Paragraph 2 of the Agreement.

9 29. In addition, the videotaped interview devotes an entire
10 section to a description of the earlier action resulting from the
11 Settlement Agreement and to a description of the Settlement
12 Agreement itself. The making of the videotape violated the
13 provisions of Paragraphs 7(D) and 18 of the Agreement.

14 30. In addition, plaintiff is informed and therefore
15 believes that Armstrong has distributed the videotape to persons
16 other than Whitfield, the number of which plaintiff has still to
17 ascertain. The provision of the videotape by Armstrong to any
18 person additionally violates Paragraphs 2, 7(D) and 18 of the
19 Agreement.

20 31. In addition, while at the CAN convention, Armstrong -
21 spoke with approximately fifty (50) people, and willingly
22 disclosed to them his claimed experiences with Scientology, in
23 violation of Paragraphs 2, 7(D) and 18 of the Agreement.

24 32. By reason of the foregoing breaches by Armstrong,
25 plaintiff is entitled to at least \$150,000 in liquidated damages,
26 and further liquidated damages subject to proof.

27 ///

28 ///

THIRD CAUSE OF ACTION

(For Breach of Contract Against All Defendants)

33. Plaintiff realleges paragraphs 1-20, 22-25 and 27-30, inclusive, and incorporates them herein by reference.

34. On or about December 22, 1992, Armstrong sent a letter to, inter alia, Malcolm Nothling, Ed Roberts, Lawrence Wollersheim, Richard Aznaran, Vicki Aznaran, Richard Behar, Ford Greene, Paul Morantz, Joseph A. Yanny, Toby L. Plevin, Graham E. Berry, Stuart Cutler, Anthony Laing, John C. Elstead, Fr. Kent Burtner, Margaret Singer, Cult Awareness Network and Daniel A. Leipold. Each of these individuals or organizations is (a) engaged in litigation against plaintiff and/or other Beneficiaries; (b) an avowed adversary of plaintiff and/or other Beneficiaries; and/or (c) an attorney who represents or has represented litigants and/or adversaries of plaintiff and/or other Beneficiaries. A true and correct copy of the letter sent by Armstrong is attached hereto as Exhibit C. Said letter violates the Agreement in that it contains purported disclosures by Armstrong of his claimed experiences with Scientology as prohibited by Paragraph 2.

35. In addition, the letter devotes an entire section to a description of the earlier action resulting from the Settlement Agreement and to a description of the Settlement Agreement itself. The sending of the letter to plaintiff's adversaries violated the provisions of Paragraphs 7(D) and 18 of the Agreement.

36. By reason of the foregoing breach of the Agreement, plaintiff is entitled to \$950,000 in liquidated damages.

1 which featured this statement made voluntarily by Armstrong in a
2 media interview. The provision of this interview by Armstrong
3 violated the provisions of paragraphs 2, 7(D) and 18 of the
4 Agreement.

5 42. By reason of the foregoing breach of the Agreement,
6 plaintiff is entitled to \$50,000 in liquidated damages.

7 SIXTH CAUSE OF ACTION

8 (Against All Defendants for Injunctive Relief)

9 43. Plaintiff realleges paragraphs 1-20, 22-25, 27-30, 32-
10 35, 37-39 and 41, inclusive, and incorporates them herein by
11 reference.

12 44. On or about April 28, 1993, plaintiff learned that
13 Armstrong intended to appear that day on radio station KFAX and
14 disclose his claimed experiences with Scientology. Plaintiff's
15 counsel, Laurie Bartilson, faxed a letter to Armstrong and his
16 attorney, informing him that plaintiff would consider any such
17 appearance to be a violation of the Agreement, and would subject
18 Armstrong to the liquidated damages provision contained therein.
19 In response, Armstrong sent a letter to Ms. Bartilson which
20 stated, inter alia,

21 Your threat that you will subject me to the liquidated
22 damages provision of the settlement agreement for
23 appearing on KFAX is obscene. Even its inclusion in
the settlement agreement; that is \$50,000.00 per word I
write or speak about your organization is obscene. . .

24
25 In addition, Armstrong asserted that settlement agreements were
26 an "antisocial policy" of plaintiff. He stated that he would not
27 stop making media appearances and speeches, and that he had more
28 planned for the near future if plaintiff did not immediately

1 accede to his demands:

2 I expect to be doing various media appearances in the
3 near future and talks to various groups, including one
4 I have already agreed to with a university psychology
5 class. I think it would be very beneficial, therefore,
6 to resolve our differences as soon as possible by your
7 organization's clear repudiation of its antisocial
8 policies and practices, so that I can have good things
9 to report at these talks.

10 45. In or about June, 1993, Armstrong made good his
11 threats, and gave an interview to a reporter(s) from Newsweek
12 magazine, as described in paragraph 41, supra.

13 46. On July 2, 1993, again making good his threats,
14 Armstrong appeared in Los Angeles, California at the Los Angeles
15 Superior Court. He attended a hearing in the Wollersheim II
16 case, and afterwards gave an interview to a reporter who claimed
17 to be "working on a story," but refused to identify himself.

18 47. As a direct and proximate result of Armstrong's breach
19 of the Agreement by disclosing his experiences, by making media
20 appearances, and by providing assistance to Greene in the Cantin
21 and Roberts matters, which breaches are persistent and
22 continuing, CSI is and will continue to be irreparably harmed,
23 and unless Armstrong and those acting in concert with him are
24 preliminarily and permanently enjoined from continuing that
25 unlawful conduct, further irreparable harm will be caused to CSI.

26 WHEREFORE, plaintiff prays for judgment as follows:

27 ON THE FIRST CAUSE OF ACTION

28 1. For compensatory and consequential damages according to
proof.

2. For attorneys' fees and costs of suit.

ON THE SECOND CAUSE OF ACTION

1 1. For liquidated damages of \$150,000, and further
2 liquidated damages according to proof.

3 2. For attorneys' fees and costs of suit.

4 ON THE THIRD CAUSE OF ACTION

5 1. For liquidated damages in the amount of \$950,000.

6 2. For attorneys' fees and costs of suit.

7 ON THE FOURTH CAUSE OF ACTION

8 1. For liquidated damages in the amount of \$50,000.

9 2. For attorneys' fees and costs of suit.

10 ON THE FIFTH CAUSE OF ACTION

11 1. For liquidated damages in the amount of \$50,000.

12 2. For attorneys' fees and costs of suit.

13 ON THE SIXTH CAUSE OF ACTION

14 1. For a preliminary and permanent injunction prohibiting
15 and restraining all defendants, including Armstrong, from
16 violating any of the provisions of the Agreement, including the
17 provisions of Paragraphs 7(D), 7(E), 7(G), 7(H) and 18(D).

18 ON ALL CAUSES OF ACTION

19 1. For such other and further relief as the Court may deem
20 just and proper.

21 DATED: July 8, 1993

BOWLES & MOXON

22
23
24 By: 

Laurie J. Bartilson

25 Andrew H. Wilson
26 WILSON, RYAN & CAMPILONGO

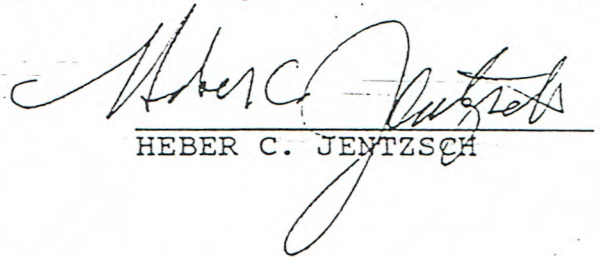
27 Attorneys for Plaintiff
28 CHURCH OF SCIENTOLOGY
INTERNATIONAL

VERIFICATION

I, HEBER C. JENTZSCH, declare as follows:

I am President of the Plaintiff, Church of Scientology International, in the above-entitled matter. I have read the foregoing Verified Complaint for Damages and for Preliminary and Permanent Injunctive Relief for Breach of Contract and know the contents thereof, which are true of my own knowledge except as to those matters which are stated on information and belief, and as to those matters, I believe them to be true.

I declare under the penalty of perjury pursuant to the laws of the State of California that the foregoing is true and correct. Executed on July 8, 1993, at Los Angeles, California.


HEBER C. JENTZSCH